



LEMOORE CITY COUNCIL  
COUNCIL CHAMBERS  
429 "C" STREET  
May 7, 2013

AGENDA

STUDY SESSION 5:30 p.m.

**Please turn off cell phones and pagers, as a courtesy to those in attendance. Thank you.**

1. Public Comment

*If you wish to comment on an item which is not on the agenda, you may do so under "Public Comment." In order to allow time for all public comments, each individual's comments are limited to five minutes. When addressing the Council, you are requested to come forward to the speaker's microphone, state your name and address, and then proceed with your presentation*

2. Discussion – Fee History and Philosophy – Impact Fees – Master User Fees

3. Closed Session Public Comment

*If you wish to comment on an item which is to be considered during Closed Session, you are invited to do so at this time. In order to allow time for all public comments, each individual's comments are limited to five minutes. When addressing the Council, you are requested to come forward to the speaker's microphone, state your name and address, and then proceed with your presentation.*

4. Adjourn to City Council Closed Session

- ◆ Conference with Legal Counsel, Potential Litigation, Significant Exposure to Litigation Pursuant to Government Code Section 54956.9 (d) (1)  
Cases: One
- ◆ Conference with Real Property Negotiators, Government Code Section 54956.8  
Property: APN 024-051-034  
Under Negotiation: Acquisition  
Negotiating Parties: Acting City Manager Laws/Gary V. Burrows, Inc.
- ◆ Conference with Labor Negotiator, Government Code Section 54957.6  
Agency Negotiator: Acting City Manager Laws  
Employee Organization: Unrepresented

5. Adjourn to Regular Meeting

REGULAR CITY COUNCIL – 7:30 p.m.

**Please turn off cell phones and pagers, as a courtesy to those in attendance. Thank you.**

1. Call to Order: A. Pledge of Allegiance B. Invocation
2. Presentation – Excellence Medical Group, Inc. – Donation to Lemoore Senior Center
3. Proclamation – Public Works Week
4. Public Comment

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Items for Council Consideration and Action

5. Consent Calendar

*All items listed under Consent Calendar are considered to be routine and will be enacted by one motion. For discussion of any Consent Item, it will be made a part of the Regular Agenda at the request of any member of the City Council or any person in the audience.*

- A. Approval – Minutes – Regular Meeting – April 16, 2013
  - B. Approval – Warrant Register 12-13 – May 2, 2013
  - C. Approval – Authorization to Bid – Safe Routes to School Project
  - D. Approval – Audited Financial Statements and Additional Information for the Lemoore Golf Course and a Single Audit Report
  - E. Approval – Resolution No. 2013-08 – Adoption of the National Incident Management (NIMS)
  - F. Approval – Amendment to Strategic Investment Policy – Change in City Treasure - Resolution 2013-09 Accepting City Investment Policy
6. Report and Recommendation – Review of 2013-2104 Proposed Department Budgets by Review Committee and Approval of the Recommended Cost Saving Measures
7. Public Hearing – Continuation – Chevron Energy Solutions Solar Project – Energy Service Contract – Facility Financing Contract – Incurrence of Debt
- A. Resolution No. 2013-10 Approving the Energy Services Contract
  - B. Resolution No. 2013-11 Approving Facility Financing Contract
8. Report and Recommendation – Cedar Lane Extension – Alignment Options
9. Approval – Warrant Register – Successor Agency Pursuant to Enforceable Obligation Payment Schedule
10. Department/City Manager Reports
11. Council Reports and Requests for Information
12. Closed Session Public Comment

*If you wish to comment on an item which is to be considered during Closed Session, you are invited to do so at this time. In order to allow time for all public comments, each individual's comments are limited to five minutes. When addressing the Council, you are requested to come forward to the speaker's microphone, state your name and address, and then proceed with your presentation.*

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Agency Negotiator: Acting City Manager Laws  
Employee Organization: Unrepresented

14. Adjournment

## TENTATIVE FUTURE AGENDA ITEMS

### May 21<sup>st</sup>

Study Session - Review – 2013-2014 Operations & Maintenance Budget

Approval – Tract 872 – Final Map – Phases 2 & 3

Approval – General Plan – Annual Report

Approval – Tract 872 – Wathen Castanos – Subdivision Agreement

Report and Recommendation – Purchasing Refuse Trucks

Report and Recommendation – Authorization to Purchase CNG Refuse Truck(s)

Report and Recommendation – First Reading – Ordinance 2013-02 – Prohibiting Blowing, Raking or Sweeping Yard Debris onto Public Rights of way

Notice of ADA Compliance: If you or anyone in your party needs reasonable accommodation to attend, or participate in, any City Council Meeting, please make arrangements by contacting the Human Resources Office at City Hall 24 hours prior to the meeting. They can be reached by calling 924-6700, or by mail at 119 Fox Street, Lemoore, California 93245.

Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at the City Clerk's Counter at City Hall located at 119 Fox Street, Lemoore, CA during normal business hours. In addition, most documents will be posted on the City's website at [www.lemoore.com](http://www.lemoore.com).

### CERTIFICATION OF POSTING

I, Kristie R. Baley, City Clerk of the City of Lemoore, do hereby declare that the foregoing agenda for the Lemoore City Council regular meeting of Tuesday, May 7, 2013 was posted on the outside bulletin board located at City Hall, 119 Fox Street in accordance with applicable legal requirements. Dated this 3<sup>rd</sup> day of May 2013.

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Kristie R. Baley, City Clerk

**Mayor**  
William Siegel  
**Mayor Pro Tem**  
Lois Wynne  
**Council Members**  
John Gordon  
Eddie Neal  
Willard Rodarmel



**Office of the  
City Manager**

119 Fox Street  
Lemoore • CA 93245  
Phone • (559) 924-6700  
FAX • (559) 924-9003

**To: Lemoore City Council**  
**From: JP Prichard, Administrative Analyst**  
**Date: April 29, 2013**  
**Subject: Fee History and Philosophy**

A handwritten signature in blue ink, likely belonging to JP Prichard, is written over the "From:" line of the header.

**SS Item # 2**

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**Discussion:**

During the spring of each year, the Council is provided the opportunity to review the Master User Fees and Development Impact Fees that the City has in place. During this time, staff will typically recommend indexing the fees by some type of cost index to ensure that the fees continue to be sufficient for the purpose they are designed.

It has been several years since these fees were initiated at the City, and there have been multiple changes to the makeup of the Council, as well as to the adopted goals and objectives of the City. Specifically, the Council has adopted an objective to "Increase general fund revenue by earning a reputation for being a 'business friendly' City... [by] ... working to reduce the City fees imposed on new business developments. It is likely that the Council may wish to revisit the use of these fees prior to staff bringing forth any recommendation regarding inflationary indexing.

Fees categorized as Master User Fees and Impact Fees differ significantly in their purpose, design, and effect on the community; therefore, they will be reviewed separately in this report.

***Master User Fees - History and Philosophy***

Master User Fees, or service fees, are payments made by an individual for a service that primarily benefits the individual. Public agencies impose a user fee for a government service when 1) the individual's decision to use the service is voluntary, and 2) the fee charged to the individual user is reasonably related to the level of service rendered and the cost of providing that service.

Originally instituted in the City of Lemoore in 1992 through a study by Management Services Institute, these fees have been modified over the years as levels and types of services have changed. The last comprehensive update and adoption of the City's Master User Fees was done through a study by MuniFinancial in 2004. This report has served as the basis for all inflationary indexing, as well as minor fee modifications, for the last ten years. (A current list of our Master User Fees may be found on the City website, if you wish to review them.)

The main challenge with relying on a ten-year-old report is that, while many of the services remain unchanged, its calculation methods rely on outdated information. For example, a typical fee will not only include the cost of the staff time directly tied to providing the service, but also include administrative overhead and other indirect costs (such as a percentage of Finance or Fleet costs). It's easy to see how minor changes in one department could affect

the fees collected by another. As operations throughout the City change over time, the calculations grow stale.

The City currently relies on the U.S. Bureau of Labor Statistics for its Government Employment Cost Index (ECI) as the inflationary model to follow for yearly indexing. This Index measures the statistical average change in compensation for State and Local Government workers year over year. You can see from the attached history of the ECI from 2004 forward, while no single year saw average increases higher than 4.1%, the cumulative effect during that ten year period was nearly 30%. (This should not surprise Council; both of our police units just received compensation increases of 4.4% for two year contracts, or roughly 2.2% per year.)

Staff is seeking guidance on the continuation of the Master User Fees: Is the Council comfortable with the ECI being applied as an inflationary index this year? Would the Council like to see a comprehensive update to the ten-year-old report? Are there any questions or concerns staff can answer regarding these fees? As there are many fees specifically related to new development, would the Council like these addressed in a different manner?

### ***Development Impact Fees – History and Philosophy***

Development Impact Fees are fees that are collected exclusively from new development specifically to support the building of new infrastructure created by the higher demands caused by the new development.

Originally introduced into the City in 1992, these fees have been modified multiple times, including comprehensively in 2005. Since 2005, the City has implemented a Westside Traffic Impact Fee, and yearly updated these fees for inflation. Use of Development Impact Fees was previously supported by an adopted Council objective of making sure that “new development pays for itself”. However, the current Council has abandoned this objective with the February 2013 adoption of the new City Goals and Objectives.

The City currently relies on the California Construction Cost Index (CCCI) as the inflationary model to follow for yearly indexing. This Index measures the statistical average change in construction costs throughout the State year over year. You can see from the attached history of the CCCI from 2007 forward that this is a rather volatile index. While the Council once chose to ‘smooth’ the effects of the inflationary spike in 2009 by spreading the effects over two years, the cumulative effects have been applied all the way until 2012, when the Council chose to not apply the indexing.

Staff is seeking guidance on the continuation of the Development Impact Fees: Does the Council want to continue to have Development Impact Fees in Lemoore? Should there be some type of program instituted to allow these fees to be waived, suspended, offset, or otherwise modified for those businesses that make a measurable economic difference to either the City economy or the City’s General Fund? Is the Council comfortable with continuing to use the CCCI as an inflationary index this year? Are there any questions or concerns staff can answer regarding these fees?

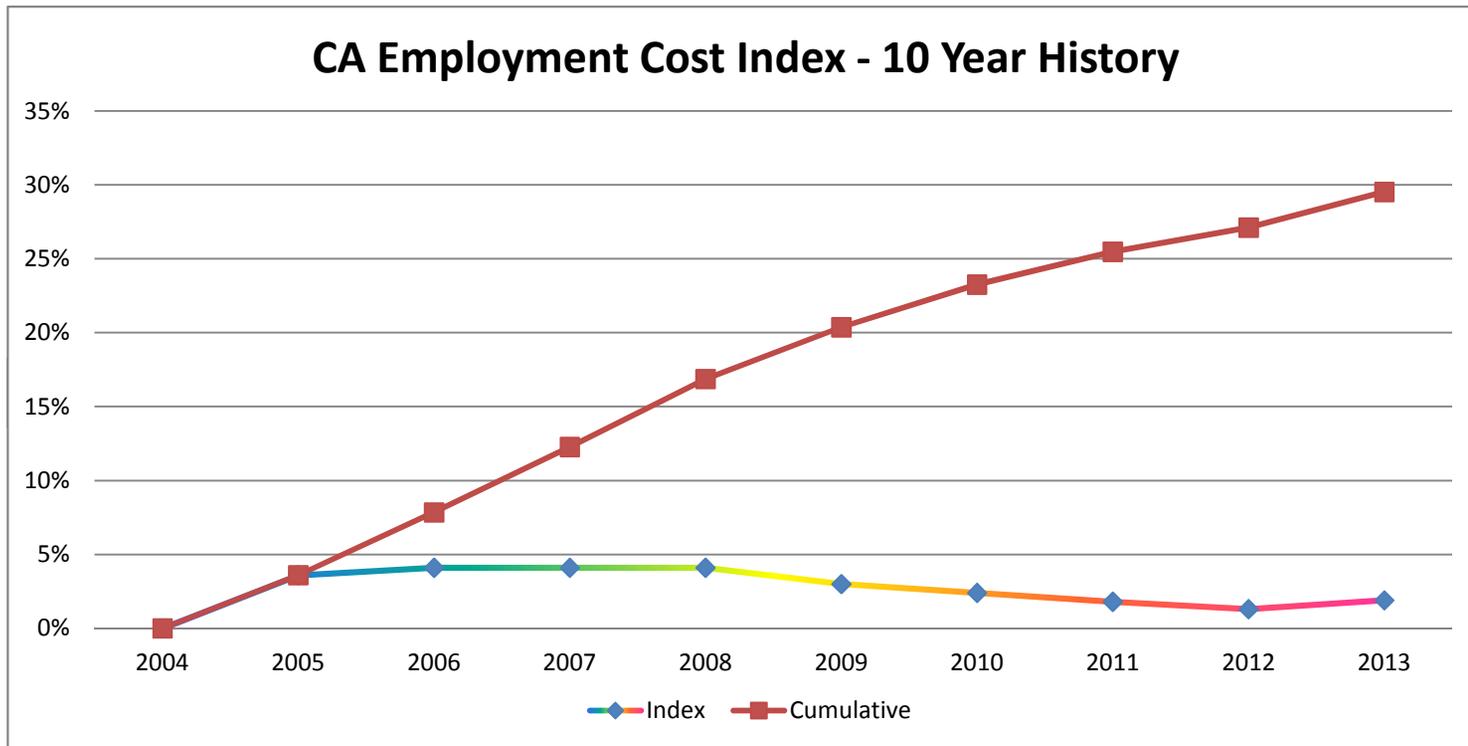
### **Budget Impact:**

None at this time.

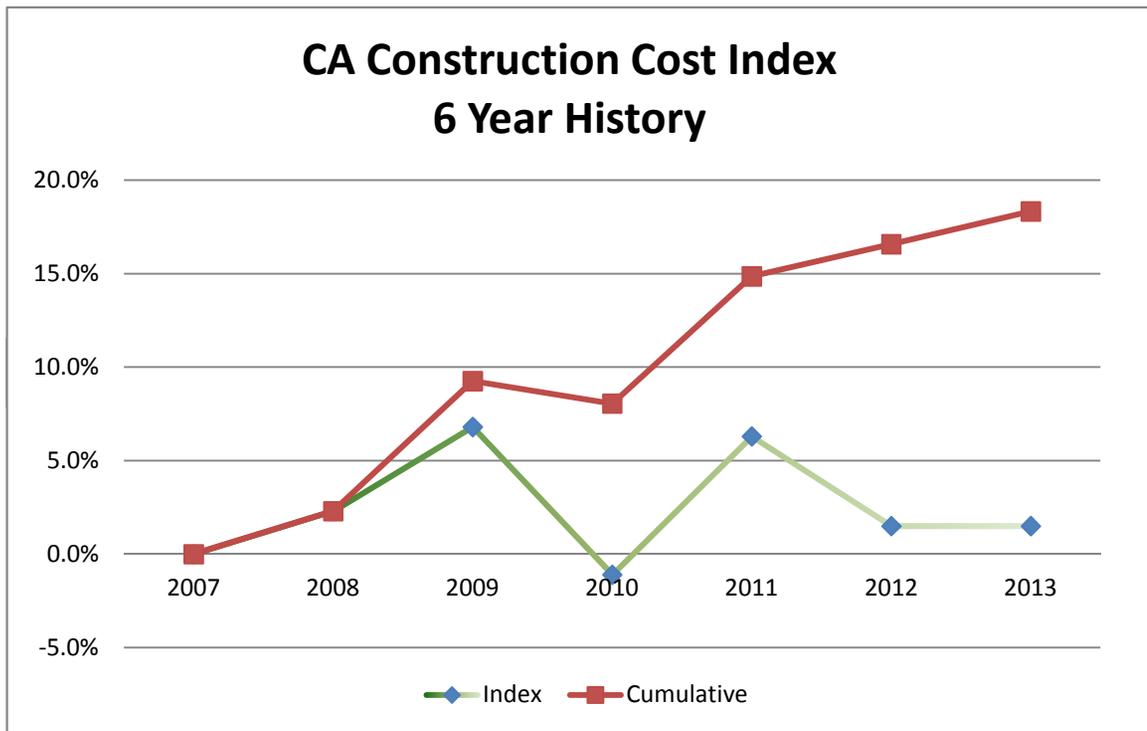
### **Recommendation:**

Staff will work from Council consensus to bring fees items forward in the future; there is no recommendation at this time.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Index</b>	0%	3.60%	4.10%	4.10%	4.10%	3.00%	2.40%	1.80%	1.30%	1.90%
<b>Cumulative</b>	0%	3.60%	7.85%	12.27%	16.87%	20.38%	23.27%	25.49%	27.12%	29.53%



	2007	2008	2009	2010	2011	2012	2013
<b>Index</b>	0.0%	2.3%	6.8%	-1.1%	6.3%	1.5%	1.5%
<b>Cumulative</b>	0.0%	2.3%	9.3%	8.1%	14.9%	16.6%	18.3%





May 2, 2013

Mr. Jeff Laws  
Acting City Manager  
119 Fox Street  
Lemoore CA, 93245  
[Jeff.laws@lemoorepd.com](mailto:Jeff.laws@lemoorepd.com)

SUBJECT: Request to Modify Impact Fee Area Designation

Dear Mr. Laws,

Montrio Capital Partners has been working with the City of Lemoore for more than a year to develop an approximately 10 acre site on the west side of 19 ½ Ave., north of Bush St., for 184 apartment units (see attached map). To obtain the required entitlements, including a change in zoning from Professional Office (PO) to Multi-family Residential (RMD), we incorporated all the design and engineering elements requested by City staff, including permanent retention of all storm water on-site. As we began the process of securing financing for the project, we learned that the City's Westside Fee Improvement Schedule totaled more than \$2.776 M, or nearly 20% of the construction cost for the project.

In conversations with potential lenders, this has become a detriment to obtaining the necessary construction financing, and in comparison with other lender projects, this represents a very high ratio of fees to cost, considering the available market rents in Lemoore.

Because of this situation, we are requesting relief from a portion of these fees. The financial impact of our request is summarized in the attached sheet, which compares the Eastside and Westside fee structures and is based on the following requests and rationales:

1. Development Impact Fee Schedule. We request that the development impact fees for our project (Ref. CUP 2012-01) be calculated on the *Eastside* Impact Fee Schedule, rather than the *Westside* Impact Fee Schedule.

Rationale:

As you may know, the demarcation line for the geographic determination for Impact Fees in the vicinity of our project is 19 ½ Ave. The east side of 19 ½ is in the Eastside Fee Area and the west side (which is the location of our project) is in the Westside Fee area. Our understanding of the fee structure, put into effect May 16, 2011, was to generate additional fee income to offset new infrastructure cost created by *commercial* developments in the "Western" section of the City. In the process of entitling CUP 2012-01, we underwent a zoning change from Professional Office (PO) to Multi-Family Residential (RMF). We believe subjecting our project to the Westside Impact Fee schedule is not warranted because: (1) It is a *residential* and not *commercial* development

and, (2) The designation of the west side of 19 ½ into the Westside schedule is arbitrary since it will operate within an existing *residential* neighborhood, and will not require any new or expanded City infrastructure or improvements. If our development were to be located on the east side of 19 ½, we would impose no more burden on City infrastructure or services than it's approved location. Therefore we believe the use of the Eastside fee schedule is appropriate and rational.

2. Storm Drainage Facility Fees

We request that the Storm Drainage Facility Fee for CUP 2012-01 be waived, if and until, it connects to the City-operated storm drainage system.

Rationale: Given the design of the City's existing storm water system, our project is practically required to collect and retain all storm water runoff on-site in a ponding basin. Since we are paying for the design and construction of the system, and maintaining it indefinitely, our storm water imposes no added impact on the existing City system or its operation and maintenance. If the City system is extended and there is reasonable need to abandon our on-site system in favor of the City's system, we would agree to pay the fees imposed at the time of our CUP.

3. Community Recreation Facility fee

We request that the Community Recreation Facility Fee be waived for CUP 2012-01.

Rationale: We understand and appreciate the need for appropriate city-wide recreation facilities. Few single-family residential developments offer facilities other than those provided by the City. However, our project includes its own community recreation building, pool, entertainment area and children's play yards and will maintain them in perpetuity at our expense. Given the access to these on-side facilities, it is unlikely that our residents will frequently go offsite for the same facilities.

Please note that we are not objecting to the Parkland acquisition or Parkland Improvement fees (which total nearly \$500,000 for CUP 2012-01), as we recognize that over time, our residents will use the larger parkland resources of the community.

The net reduction in fees represented by these requests is \$ 542,342. In order for our project to move forward in a timely manner we must resolve these matters to achieve our underwriting criteria with our lender. Your accommodation of these requests is critical to a \$15M construction investment in Lemoore, along with the property, sales and related tax revenue. This will also stem the need for residents to seek attractive market-rate housing in Hanford, Visalia, Fresno and other Cities. Cities throughout the state and nation have responsibly reduced or eliminated certain impact fees in favor of economic stimulation as we pull ourselves out of the recession and invest in our communities.

I will be available at your meeting on May 7 to discuss this request with you and answer questions you might have. Thank you for your consideration.

Paul Quiring

*RP for Paul Quiring*

Member,  
for Montrio Capital Partners

Cc: Mayor William Siegel                      bsiegel@me.com  
Mayor Pro Tem Lois Wynne                    lois.wynne@att.net  
Council Member John Gordon                johngordonesq@gmail.com  
Council Member Eddie Neal                 edward\_myeisha@hotmail.com  
Council Member Willard Rodarmel         willard.rod1@gmail.com



**Westside/Eastside Impact Fee Calculation comparison**

Number of units: 184

**Development Impact Fees (Allowances - Actual fees may vary)**

		<u>Westside Impact Fees</u>		<u>Eastside Impact Fees</u>		<u>Difference</u>
Streets/Through-West	est	1,833.00	337,272	740.00	136,160	
Law Enforcement	est	326.00	59,984	326.00	59,984	
Fire Facilities-East	est	628.00	115,552	0.00	-	
General Facilities	est	861.00	158,424	861.00	158,424	
Storm Driage Facility	est	525.00	96,600	-0-	-	*
Waste Water Treatment/Disposal	est	133.00	24,472	133.00	24,472	
Waste Water Collection	est	428.00	78,752	428.00	78,752	
Water Supply/Holding	est	1,428.00	262,752	1,428.00	262,752	
Water Distribution	est	142.00	26,128	142.00	26,128	
Parkland Acquisition (Park/Rec)	est	1,024.00	188,416	1,024.00	188,416	
Park Improvement	est	1,645.00	302,680	1,645.00	302,680	
Community/Rec Facilities	est	675.00	124,200	-0-	-	*
Refuse Vehicles & Containers	est	26.52	4,880	0.01	2	
Building Permits	est	574.90	105,782	574.90	105,782	
School Fees	est	3,588.54	660,291	3,588.54	660,291	
County PFF Fee	est	30.59	5,629	30.59	5,629	
County Library Fee	est	255.68	47,045	255.68	47,045	
County Wide Criminal Justice	est	953.88	175,514	953.88	175,514	
Strong Motion R	est	6.82	1,255	6.82	1,255	
Bldg. Std Admin Spc Rev Fund	est	2.73	502	2.73	502	
		<b>\$ 2,776,130</b>		<b>\$ 2,233,788</b>		<b>\$ 542,342</b>

\* Shown as reduced per the attached letter

STATE HIGHWAY 48



**COLOR SCHEDULE:**

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**BUILDING COLOR SITE PLAN**

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Minutes of the Study Session of the  
LEMOORE CITY COUNCIL  
April 16, 2013

MEETING CALLED TO ORDER:

At 5:30 p.m. the meeting was called to order.

ATTENDANCE:

Mayor Siegel; Mayor Pro Tem Wynne; Council Members Gordon, Neal, Rodarmel; Acting City Manager/Police Chief Laws; City Attorney Avedisian; Finance Director Silva; Parks and Recreation Director Simonson; Planning Director Smyth; Project Manager Holwell; Administrative Analyst Prichard; City Clerk Baley

PUBLIC COMMENT:

There was no comment.

PRESENTATION – BOYS AND GIRLS CLUBS OF AMERICA

Executive Director of the Boys & Girls Clubs of the Sequoias Joe Engelbrecht briefly explained the difference between local independent organizations such as the Boys and Girls Clubs of the Sequoias and the National Boys and Girls Clubs Organization. He provided information concerning the history of the Clubs and went on to explain the benefits the Clubs bring to communities and the process of establishing and funding a local independent Club.

Mr. Engelbrecht requested to discuss the needs of the community with Police Chief Laws in order to gather information for a Needs Assessment Report which he intends to present to the Council at a later date.

Ashley Keller briefed Council of her personal experiences growing up as a member of the Boys & Girls Club and the personal satisfaction she currently receives as a volunteer.

Kathleen Elias expressed support for establishing a Boys & Girls Club in the Community.

Myeisha Wormley expressed support for establishing a Boys & Girls Club in the community.

CLOSED SESSION PUBLIC COMMENT:

There was no comment.

ADJOURN TO LEMOORE CITY COUNCIL CLOSED SESSION:

At 6:02 p.m., the Council adjourned to closed session regarding labor negotiations, potential litigation and real property negotiations.

ADJOURNMENT: At 7:00 p.m., Council adjourned to the Regular Meeting.

Minutes of the Regular Meeting of the  
LEMOORE CITY COUNCIL  
April 16, 2013

MEETING CALLED TO ORDER:

At 7:30 p.m. the meeting was called to order.

ATTENDANCE:

Mayor Siegel; Mayor Pro Tem Wynne; Council Members Gordon, Neal, Rodarmel; Acting City Manager/Police Chief Laws; City Attorney Avedisian; Finance Director Silva; Public Works Director Wlaschin; Parks and Recreation Director Simonson; Planning Director Smyth; Project Manager Holwell; Administrative Analyst Apone; Administrative Analyst Prichard; City Engineer Tow; Superintendent Greenlee; City Clerk Baley

ANNOUNCEMENT:

Mayor Siegel announced that during Closed Session the City of Lemoore entered into a Tolling Agreement pertaining to Property Tax Administration Fees.

PUBLIC COMMENT:

There was no comment.

CONSENT CALENDAR:

Item 3A was pulled for separate consideration.

It was moved by Council Member Rodarmel, seconded by Mayor Pro Tem Wynne, and carried that the Council approve the following Consent Calendar.

- B. Approval – Minutes – Special Meeting – April 9, 2013
- C. Approval – Warrant Register 12-13 – April 11, 2013
- D. Approval – Resolution 2013-07 – Local Transportation Fund Share
- E. Approval – Authorization of Changes to the 2012 Double Chip Seal Project
- F. Approval – Authorization to Advertise for Bids – 2013 Reclamite Street Maintenance Program
- G. Approval – Authorization to Advertise for Bids – 2013 Street Overlay Project
- H. Approval – Annual Housing Element and Regional Housing Needs Allocation Progress Report

Ayes: Rodarmel, Wynne, Gordon, Neal, Siegel

It was moved by Council Member Gordon, seconded by Mayor Pro Tem Wynne, and carried that the Council approve Item 3A Approval – Minutes – Regular Meeting – April 2, 2013.

Ayes: Gordon, Wynne, Neal, Siegel      Abstain: Rodarmel

**PUBLIC HEARING – CHEVRON ENERGY SOLUTIONS SOLAR PROJECT – ENERGY SERVICE CONTRACT – INCURRENCE OF DEBT:**

Analyst Apone briefed the Council concerning the scope of changes to the solar project and financing decisions that require immediate direction. She also recommended the Public Hearings regarding the Energy Service Contract and the Incurrence of Debt be opened and continued until the May 7, 2013 City Council Meeting.

Council directed staff to consider the issuance of \$7 million in debt for the project.

Mayor Siegel opened the Public Hearings and stated they will remain open until the May 7, 2013 City Council Meeting.

There was no comment from the public regarding the Public Hearings.

**REPORT AND STATEMENTS: RECOMMENDATION – ACCEPTANCE OF AUDITED FINANCIAL**

Finance Director Silva introduced Bill Patterson of Sampson, Sampson & Patterson, LLP who briefed the Council concerning the Audited Financial Statements.

It was moved by Council Member Gordon, seconded by Council Member Rodarmel, and carried that the Council accept the Audited Financial Statements and additional information.

Ayes: Gordon, Rodarmel, Neal, Wynne, Siegel

**REPORT AND RECOMMENDATION – MOU – LEMOORE POLICE OFFICERS ASSOCIATION – JANUARY 1, 2013-DECEMBER 31, 2014:**

Analyst Prichard Introduced City Labor Negotiator Susan Wells who briefed the Council concerning the Lemoore Police Officers Association MOU effective January 1, 2013 – December 31, 2014. She recommended the Council adopt the MOU as presented.

Corporal Mark Pescatore thanked the Council on behalf of the POA and the Sergeants bargaining unit for the movement the City made in response to the officers needs.

Teamsters Representative Mike Stow thanked the Council for listening and said he would be signing the MOU immediately upon adoption.

It was moved by Mayor Pro Tem Wynne, seconded by Council Member Gordon, and carried that the Council ratify the Police Officers Association MOU as presented.

Ayes: Wynne, Gordon, Neal, Rodarmel, Siegel

REPORT AND RECOMMENDATION – MOU – AMENDMENT POLICE SERGEANTS ASSOCIATION – JANUARY 1, 2013-DECEMBER 31, 2014:

City Labor Negotiator Susan Wells briefed the Council concerning the Police Sergeants Association MOU Amendment effective January 1, 2013-December 31, 2014. She recommended the Council adopt the Amendment as presented.

It was moved by Council Member Rodarmel, seconded by Mayor Pro Tem Wynne, and carried that the Council ratify the Police Sergeants Association MOU Amendment as presented.

Ayes: Rodarmel, Wynne, Gordon, Neal, Siegel

REPORT AND RECOMMENDATION – APPOINTMENT OF COUNCIL MEMBER TO BUDGET PROCESS:

Analyst Prichard briefed the Council on the City Budget development process.

Mayor Siegel expressed his interest in participating in the process.

It was moved by Council Member Gordon, seconded by Council Member Rodarmel, and carried that the Council appoint Mayor Siegel to participate in the budget process at staff level.

Ayes: Gordon, Rodarmel, Neal, Wynne, Siegel

DISCUSSION – CITY MANAGER RECRUITMENT:

Analyst Prichard briefed the Council on the recruitment processes of both in-house and outside firms.

Council suggested Department Heads submit a short list concerning the leadership traits they would like to see in a City Manager to Prichard as soon as possible.

Prichard requested that the Council decide immediately to use either the City's in-house recruitment process or elicit the services of an outside firm to recruit a City Manager.

Council directed staff to use the City's in-house recruitment process and agreed on an application filing deadline date of June 15, 2013.

APPROVAL – WARRANT REGISTER – SUCCESSOR AGENCY PURSUANT TO ENFORCEABLE OBLIGATION PAYMENT SCHEDULE:

It was moved by Council Member Rodarmel, seconded by Council Member Wynne, and carried that the Council approve the warrant register.

Ayes: Rodarmel, Wynne, Gordon, Neal, Siegel

DEPARTMENT/CITY MANAGER REPORTS:

Planning Director Smyth informed the Council that Wathen Castanos will be showing model homes during a VIP Grand Opening event for the new subdivision at Boxwood and Daphne Lane on April 24, 2013 at 11:00 a.m.

Acting City Manager/Police Chief Laws informed the public of upcoming events:

- 1) 13<sup>th</sup> Annual Pizza Festival April 19<sup>th</sup>-21<sup>st</sup> at the City Park
- 2) Caltrans 19<sup>th</sup> Avenue Interchange Project Groundbreaking Ceremony April 19<sup>th</sup> at 11 a.m. at 19<sup>th</sup> Avenue and Hwy 198
- 3) Relay for Life Event at Lemoore High School April 27<sup>th</sup>
- 4) Every 15 Minutes at Lemoore High School May 2<sup>nd</sup>- 3<sup>rd</sup>

COUNCIL REPORTS AND REQUESTS FOR INFORMATION:

Council Member Rodarmel informed the public that he had completed a NRA Range Safety Officer Course over the weekend.

Mayor Siegel informed the public that June 1, 2013 is Kings County Night at the Fresno Grizzlies Stadium.

ADJOURNMENT:

At 9:15 p.m. the meeting adjourned.

Approved the 7<sup>th</sup> day of May, 2013.

Full digital audio recording is available.

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William M. Siegel, Jr., Mayor

Attest:

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Kristie R. Baley, City Clerk

PEI  
DATE: 05/02/2013  
TIME: 16:35:50

CITY OF LEMOORE  
GENERAL LEDGER TRANSACTION ANALYSIS

PAGE NUMBER: 1  
AUDIT311

SELECTION CRITERIA: account.acct between '2000' and '2999' AND transact.yr='13' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 001 - GENERAL FUND

ACCOUNT	DATE	T/C	REFERENCE	VENDOR/PAYER	DEBIT	CREDIT	DESCRIPTION
2020				ACCOUNTS PAYABLE			
	10/13	05/02/13	21	0819 DEPT OF CONSERVATION		1,878.22	PERMIT FEES
	10/13	05/02/13	21	6259 LEMOORE BOYS BASKETB		250.00	SPONSERSHIP
	10/13	05/02/13	21	T1648 GWEN MOWREY		150.00	REFUND/G.MOWREY
	10/13	05/02/13	21	T1643 SAN JACQUIN CONSTRUC		1.31	REFUND STRONG MOTION
	10/13	05/02/13	21	5829 JONES BOYS LLC		43.00	GOLF SIGN
	10/13	05/02/13	21	5829 JONES BOYS LLC		64.50	3-GOLF SIGNS
	10/13	05/02/13	21	5829 JONES BOYS LLC		80.63	BOXING BOUTS BANNER
	10/13	05/02/13	21	5829 JONES BOYS LLC		43.00	2-COROPLAST YARD SIGN
	10/13	05/02/13	21	5829 JONES BOYS LLC		43.00	GRAY BOXING T SHIRTS
	10/13	05/02/13	21	3088 JONES TOWING		791.00	TOW/STORAGE-05 TAURUS
TOTAL				ACCOUNTS PAYABLE	.00	3,344.66	
2248				RECREATION IN/OUT			
	10/13	05/02/13	21	5829 JONES BOYS LLC	80.63		BOXING BOUTS BANNER
TOTAL				RECREATION IN/OUT	80.63	.00	
2256				STRONG MOTION			
	10/13	05/02/13	21	0819 DEPT OF CONSERVATION	1,878.22		PERMIT FEES
	10/13	05/02/13	21	T1643 SAN JACQUIN CONSTRUC	1.31		REFUND STRONG MOTION
TOTAL				STRONG MOTION	1,879.53	.00	
2279				STORED VEH. FINES/TRF.OFF			
	10/13	05/02/13	21	3088 JONES TOWING	791.00		TOW/STORAGE-05 TAURUS
TOTAL				STORED VEH. FINES/TRF.OFF	791.00	.00	
2291				AQUA JETS			
	10/13	05/02/13	21	T1648 GWEN MOWREY	150.00		REFUND/G.MOWREY
TOTAL				AQUA JETS	150.00	.00	
2295				TEEN CENTER DONATIONS			
	10/13	05/02/13	21	5829 JONES BOYS LLC	43.00		GOLF SIGN
	10/13	05/02/13	21	5829 JONES BOYS LLC	64.50		3-GOLF SIGNS
	10/13	05/02/13	21	5829 JONES BOYS LLC	43.00		2-COROPLAST YARD SIGN
	10/13	05/02/13	21	5829 JONES BOYS LLC	43.00		GRAY BOXING T SHIRTS
TOTAL				TEEN CENTER DONATIONS	193.50	.00	
2296				YOUTH RECREATION FUND			
	10/13	05/02/13	21	6259 LEMOORE BOYS BASKETB	250.00		SPONSERSHIP
TOTAL				YOUTH RECREATION FUND	250.00	.00	
TOTAL				GENERAL FUND	3,344.66	3,344.66	
TOTAL REPORT					3,344.66	3,344.66	



PEI  
 DATE: 05/02/2013  
 TIME: 16:33:48

CITY OF LEMOORE  
 REVENUE TRANSACTION ANALYSIS

PAGE NUMBER: 1  
 AUDIT31

SELECTION CRITERIA: transact.yr='13' and transact.account between '3000' and '3999' and transact.batch='AC0507'  
 ACCOUNTING PERIOD: 11/13

FUND - 001 - GENERAL FUND  
 BUDGET UNIT - 001 - GENERAL FUND

ACCOUNT	DATE	T/C	RECEIVE REFERENCE	PAYER/VENDOR	BUDGET	RECEIPTS	RECEIVABLES DESCRIPTION
3040							
	10/13		04292013	T1644 ADVANCED POOLS		-235.00	REFUND BUILD PERMIT
TOTAL					.00	-235.00	.00
3292							
	11/13		05012013	T1653 COREY REED		-20.00	REFUND/C.REED
TOTAL					.00	-20.00	.00
3625							
	11/13		04292013	T1658 DEBRA SNYDER		-250.00	REFUND/D.SNYDER
	10/13		04302013	T1645 ELIAS CORTEZ		-200.00	REFUND/E.CORTEZ
	10/13		04302013	T1652 MALISSA GONZALEZ		-100.00	REFUND/M.GONZALEZ
	10/13		04292013	T1651 JERMANE MOSLEY		-150.00	REFUND/J.MOSLEY
	10/13		04302013	T1646 NEREIDA ROSAS		-175.00	REFUND/N.ROSAS
TOTAL					.00	-875.00	.00
3630							
	10/13		04262013	T1643 SAN JAOQUIN CONS		-10.48	REFUND PLAN UPDATE
TOTAL					.00	-10.48	.00
3635							
	10/13		04262013	T1643 SAN JAOQUIN CONS		-3.93	REFUND TECHNOLOGY FEE
TOTAL					.00	-3.93	.00
3681							
	10/13		04292013	T1650 MARIA ALATORRE		-100.00	REFUND/M.ALATORRE
	10/13		04302013	T1647 ROBERT GARCIA		-160.00	REFUND/R.GARCIA
	10/13		04292013	T1607 GUERRA, ROY		-55.00	REFUND/R.GUERRA
	10/13		04292013	T1649 MEGAN TULEY		-90.00	REFUND/M.TULEY
	11/13		05022013	T1656 MARIA JOSE ARAUJ		-25.00	REFUND/M.BOZADA
	11/13		05022013	T1655 KATHLEEN JONES		-25.00	REFUND/K.JONES
	11/13		05022013	T1654 JODI AVINA		-25.00	REFUND/J.AVINA
TOTAL					.00	-480.00	.00
TOTAL					.00	-1,624.41	.00
TOTAL					.00	-1,624.41	.00
TOTAL REPORT					.00	-1,624.41	.00

PEI  
DATE: 05/02/2013  
TIME: 16:33:07

CITY OF LEMOORE  
EXPENDITURE TRANSACTION ANALYSIS

PAGE NUMBER: 1  
AUDIT11

SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 001 - GENERAL FUND  
BUDGET UNIT - 4211 - CITY COUNCIL

ACCOUNT	DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220									
	10/13	05/02/13	21	2-246-35286	0157 FEDERAL EXPRESS		53.98	.00	SHIP/HANDLING CHARGES
TOTAL						.00	53.98	.00	
4310									
	10/13	05/02/13	21	03494	5609 LOZANO SMITH, LL		5,137.41	.00	PROF SERVICES
	10/13	05/02/13	21	29202	2836 THE BODY SHOP		200.00	.00	MARCH CORP MEMBERSHIP
	10/13	05/02/13	21	29368	2836 THE BODY SHOP		200.00	.00	APRIL CORP MEMBERSHIP
	11/13	05/02/13	21	13593208	5977 GREATAMERICA FIN		66.63	.00	LANIER COPIER
TOTAL						.00	5,604.04	.00	
TOTAL						.00	5,658.02	.00	

PEI  
 DATE: 05/02/2013  
 TIME: 16:33:07

CITY OF LEMOORE  
 EXPENDITURE TRANSACTION ANALYSIS

PAGE NUMBER: 2  
 AUDIT11

SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
 ACCOUNTING PERIOD: 11/13

FUND - 001 - GENERAL FUND  
 BUDGET UNIT - 4213 - CITY MANAGER

ACCOUNT	DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220									OPERATING SUPPLIES
11/13	05/02/13	21		5502192159	0373 PITNEY BOWES, IN		67.27	.00	OFFICE SUPPLIES
10/13	05/02/13	21		654608116001	5396 OFFICE DEPOT		17.46	.00	OFFICE SUPPLIES
TOTAL						.00	84.73	.00	
4310									PROFESSIONAL CONTRACT SVC
10/13	05/02/13	21		03494	5609 LOZANO SMITH, LL		1,251.89	.00	PROF SERVICES
10/13	05/02/13	21		04192013	4062 KINGS COUNTY CLE		4,850.53	.00	NOV 6 ELECTION COSTS
10/13	05/02/13	21		2013-02	6226 WELLS, SUSAN		350.00	.00	CONTRACT AGREEMENT
TOTAL						.00	6,452.42	.00	
4330									PRINTING & PUBLICATIONS
10/13	05/02/13	21		0000147907	0199 HANFORD SENTINEL		103.14	.00	PUBLIC NOTICE
11/13	05/02/13	21		07-9442	6166 GOVERNMENTJOBS.C		175.00	.00	JOB POSTING/CITY MAN.
TOTAL						.00	278.14	.00	
4340									UTILITIES
11/13	05/02/13	21		000004302247	5516 AT&T		17.84	.00	559-925-9790
11/13	05/02/13	21		000004302245	5516 AT&T		92.92	.00	559-925-8544
10/13	05/02/13	21		000004283270	5516 AT&T		28.43	.00	559-924-9003
10/13	05/02/13	21		9702710676	0116 VERIZON WIRELESS		54.69	.00	SERVICES 03/05-04/04
TOTAL						.00	193.88	.00	
4380									RENTALS & LEASES
11/13	05/02/13	21		13593208	5977 GREATAMERICA FIN		786.09	.00	LANIER COPIER
TOTAL						.00	786.09	.00	
TOTAL						.00	7,795.26	.00	CITY MANAGER

PEI  
DATE: 05/02/2013  
TIME: 16:33:07

CITY OF LEMOORE  
EXPENDITURE TRANSACTION ANALYSIS

PAGE NUMBER: 3  
AUDIT11

SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 001 - GENERAL FUND  
BUDGET UNIT - 4215 - FINANCE

ACCOUNT	DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220									
11/13	05/02/13	21		5502192159	0373 PITNEY BOWES, IN		82.24	.00	OFFICE SUPPLIES
TOTAL						.00	82.24	.00	
4310									
10/13	05/02/13	21		04012013	1629 SAMPSON, SAMPSON		2,700.00	.00	PROF SRVS RENDERED
TOTAL						.00	2,700.00	.00	
4340									
10/13	05/02/13	21		000004283270	5516 AT&T		17.77	.00	559-924-9003
11/13	05/02/13	21		000004302247	5516 AT&T		22.30	.00	559-925-9790
TOTAL						.00	40.07	.00	
4380									
11/13	05/02/13	21		13593208	5977 GREATAMERICA FIN		187.16	.00	LANIER COPIER
TOTAL						.00	187.16	.00	
TOTAL						.00	3,009.47	.00	

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DATE: 05/02/2013  
TIME: 16:33:07

CITY OF LEMOORE  
EXPENDITURE TRANSACTION ANALYSIS

PAGE NUMBER: 4  
AUDIT11

SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 001 - GENERAL FUND  
BUDGET UNIT - 4216 - PLANNING

ACCOUNT	DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220									OPERATING SUPPLIES
11/13	05/02/13	21		5502192159	0373 PITNEY BOWES, IN		20.49	.00	OFFICE SUPPLIES
TOTAL						.00	20.49	.00	OPERATING SUPPLIES
4310									PROFESSIONAL CONTRACT SVC
10/13	05/02/13	21		71686	0876 QUAD KNOFF, INC.		2,915.93	.00	TRACT 872 PHASE 2/3
10/13	05/02/13	21		03494	5609 LOZANO SMITH, LL		504.00	.00	PROF SERVICES
TOTAL						.00	3,419.93	.00	PROFESSIONAL CONTRACT SVC
4330									PRINTING & PUBLICATIONS
10/13	05/02/13	21		0000147766	0199 HANFORD SENTINEL		399.20	.00	PUBLIC NOTICE
11/13	05/02/13	21		0000147956	0199 HANFORD SENTINEL		138.89	.00	PUBLIC NOTICE
TOTAL						.00	538.09	.00	PRINTING & PUBLICATIONS
4340									UTILITIES
11/13	05/02/13	21		000004302247	5516 AT&T		14.87	.00	559-925-9790
TOTAL						.00	14.87	.00	UTILITIES
4380									RENTALS & LEASES
11/13	05/02/13	21		13593208	5977 GREATAMERICA FIN		285.95	.00	LANIER COPIER
TOTAL						.00	285.95	.00	RENTALS & LEASES
TOTAL						.00	4,279.33	.00	PLANNING

PEI  
 DATE: 05/02/2013  
 TIME: 16:33:07

CITY OF LEMOORE  
 EXPENDITURE TRANSACTION ANALYSIS

PAGE NUMBER: 5  
 AUDIT11

SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
 ACCOUNTING PERIOD: 11/13

FUND - 001 - GENERAL FUND  
 BUDGET UNIT - 4220 - MAINTENANCE DIVISION

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220								OPERATING SUPPLIES
11/13	05/02/13	21	9120338695	0521 GRAINGER		537.93	.00	HAND DRYER
11/13	05/02/13	21	5502192159	0373 PITNEY BOWES, IN		2.76	.00	OFFICE SUPPLIES
10/13	05/02/13	21	418337	5573 CENTRAL SANITARY		281.97	.00	JANITORIAL SUPPLIES
10/13	05/02/13	21	CALEM8470	5866 FASTENAL COMPANY		7.50	.00	100-SCREWS
10/13	05/02/13	21	SI30154	5941 OMEGA INDUSTRIAL		438.01	.00	MEGA OFF
10/13	05/02/13	21	SI28260	5941 OMEGA INDUSTRIAL		18.12	.00	SANI WIPE /FREIGHT
10/13	05/02/13	21	2877-431179	5333 MEDALLION SUPPLY		702.51	.00	HPS LAMP/RELAY CNTRL
10/13	05/02/13	21	1910910	0381 QUILL CORP.		134.70	.00	OFFICE SUPPLIES
10/13	05/02/13	21	68139	0474 WEST VALLEY SUPP		147.44	.00	SLIP FIX/COUPLING/PVC
10/13	05/02/13	21	67976	0474 WEST VALLEY SUPP		122.92	.00	2- RISER/CHECK VALVE
10/13	05/02/13	21	6986004	6206 WILBUR-ELLIS COM		226.07	.00	RANGER PRO
10/13	05/02/13	21	68007	0474 WEST VALLEY SUPP		55.29	.00	COUPLING/PVC CEMENT
TOTAL					.00	2,675.22	.00	
4220S								STREETS-OPERATING SUPPLIE
10/13	05/02/13	21	2013218	5306 T AND T PAVEMENT		1,176.43	.00	POSTS/LETTERS/OVERLAY
TOTAL					.00	1,176.43	.00	
4310								PROFESSIONAL CONTRACT SVC
10/13	05/02/13	21	04292013	T1586 JOSE PEREZ		790.00	.00	CMC BUILD ATTENDANT
10/13	05/02/13	21	1147684	5287 RES COM PEST COM		38.00	.00	411 WEST D STREET
10/13	05/02/13	21	04292013	T1502 MAYA, SANTOS		200.00	.00	WEEKEND RENTAL ATTEND
10/13	05/02/13	21	62794	6115 EMPLOYEE RELATIO		36.00	.00	PRE-EMPTY BCKGRND CHK
10/13	05/02/13	21	04292013	T1595 HANNSELTHILL CA		120.00	.00	WEEKEND RENTAL ATTEND
11/13	05/02/13	21	04302013	6260 RICHARD LAWS		107.50	.00	WEEKEND RENTAL ATTEND
TOTAL					.00	1,291.50	.00	
4340								UTILITIES
11/13	05/02/13	21	MAR/APR13	0423 THE GAS COMPANY		295.72	.00	03/21/13-04/19/13
11/13	05/02/13	21	000004302243	5516 AT&T		2.39	.00	559-925-2806
10/13	05/02/13	21	MARCH/APRIL	0423 THE GAS COMPANY		264.02	.00	03/25/13-04/23/13
10/13	05/02/13	21	6096369APR13	0363 P G & E		2,657.20	.00	02/08/13-04/01/13
10/13	05/02/13	21	7106804APR13	0363 P G & E		1,115.21	.00	02/26/13-04/01/13
10/13	05/02/13	21	9702710676	0116 VERIZON WIRELESS		47.08	.00	SERVICES 03/05-04/04
TOTAL					.00	4,381.62	.00	
4340S								STREETS-UTILITIES
10/13	05/02/13	21	6780068APR13	0363 P G & E		74.65	.00	03/15/13-04/12/13
TOTAL					.00	74.65	.00	
4350								REPAIR/MAINT SERVICES
10/13	05/02/13	21	21136	0388 REED ELECTRIC		74.14	.00	FIX BOOSTER PUMP CTRL
10/13	05/02/13	21	21174	0388 REED ELECTRIC		1,348.51	.00	CMC- UPGRADE PANEL
TOTAL					.00	1,422.65	.00	
4380								RENTALS & LEASES

PEI  
DATE: 05/02/2013  
TIME: 16:33:07

CITY OF LEMOORE  
EXPENDITURE TRANSACTION ANALYSIS

PAGE NUMBER: 6  
AUDIT11

SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 001 - GENERAL FUND  
BUDGET UNIT - 4220 - MAINTENANCE DIVISION

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4380								RENTALS & LEASES
10/13	05/02/13	21	067561152	0483 XEROX CORPORATIO		56.36	.00	MARCH SERVICES
11/13	05/02/13	21	13593208	5977 GREATAMERICA FIN		14.81	.00	LANIER COPIER
TOTAL					.00	71.17	.00	RENTALS & LEASES
4825S								MACH/EQUIP STREETS
10/13	05/02/13	21	2013130*	5306 T AND T PAVEMENT		535.35	.00	BAL DUE/LINE LASER
TOTAL					.00	535.35	.00	MACH/EQUIP STREETS
TOTAL					.00	11,628.59	.00	MAINTENANCE DIVISION

PEI  
 DATE: 05/02/2013  
 TIME: 16:33:07

CITY OF LEMOORE  
 EXPENDITURE TRANSACTION ANALYSIS

PAGE NUMBER: 7  
 AUDIT11

SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
 ACCOUNTING PERIOD: 11/13

FUND - 001 - GENERAL FUND  
 BUDGET UNIT - 4221 - POLICE

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220				OPERATING SUPPLIES				
10/13	05/02/13	21	6069	-06 606355	0531	SAN DIEGO POLICE	266.52	-266.52 TACTICAL 12GA 10Z TRUBALL
10/13	05/02/13	21	6069	-07 606355	0531	SAN DIEGO POLICE	19.99	-19.99 TAX
10/13	05/02/13	21	6083	-01 48485	6256	DOOLEY ENTERPRIS	2,835.00	-2,835.00 5.56MM 55GR. FMJ
10/13	05/02/13	21	6083	-02 48485	6256	DOOLEY ENTERPRIS	212.63	-212.63 SALES TAX
10/13	05/02/13	21	6083	-03 48485	6256	DOOLEY ENTERPRIS	67.00	-67.00 SHIPPING
10/13	05/02/13	21		3990	3010	THE ANIMAL HOUSE	69.81	.00 DOG FOOD/BONES
11/13	05/02/13	21		342047	0430	SUN BADGE CO.	142.84	.00 BADGE/WALLET
11/13	05/02/13	21		5502192159	0373	PITNEY BOWES, IN	75.10	.00 OFFICE SUPPLIES
TOTAL				OPERATING SUPPLIES	.00		3,688.89	-3,401.14
4220U				OPERAT SUPPLIES- UNIFORMS				
11/13	05/02/13	21		000552897	2960	GALLS	14.24	.00 BATON HOLDER
11/13	05/02/13	21		000552864	2960	GALLS	14.24	.00 BATON HOLDER
11/13	05/02/13	21		000552879	2960	GALLS	14.24	.00 BATON HOLDER
10/13	05/02/13	21		000535260	2960	GALLS	250.71	.00 PD UNIFORM/HERNANDEZ
10/13	05/02/13	21		04222013	T1642	JEFFREY HERNANDE	97.19	.00 REIMBURSE/J.HERNANDEZ
10/13	05/02/13	21		000520556	2960	GALLS	250.71	.00 PD UNIFORM/BOWERS
10/13	05/02/13	21		55231	0650	LORD'S UNIFORMS	419.04	.00 PD UNIFORMS/COSPER
10/13	05/02/13	21		54988	0650	LORD'S UNIFORMS	112.82	.00 PD UNIFORMS/COSPER
10/13	05/02/13	21		55129	0650	LORD'S UNIFORMS	316.00	.00 PD UNIFORMS/LANDRUS
10/13	05/02/13	21		54986	0650	LORD'S UNIFORMS	400.38	.00 PD UNIFORMS/COSPER
10/13	05/02/13	21		54990	0650	LORD'S UNIFORMS	199.68	.00 PD UNIFORMS/LANDRUS
10/13	05/02/13	21		55393	0650	LORD'S UNIFORMS	820.33	.00 PD UNIFORMS/BOWERS
10/13	05/02/13	21		55481	0650	LORD'S UNIFORMS	641.94	.00 PD UNIFORMS/HERNANDEZ
TOTAL				OPERAT SUPPLIES- UNIFORMS	.00		3,551.52	.00
4310				PROFESSIONAL CONTRACT SVC				
10/13	05/02/13	21		9401813687	5352	SHRED-IT USA- FR	145.78	.00 SHREDDING
10/13	05/02/13	21		001-001032	5814	CITY OF HANFORD	13,724.19	.00 DISPATCH SERVICE-MAY
10/13	05/02/13	21		37756	2000	J'S COMMUNICATIO	600.80	.00 4-BATTERIES/SRVC FEES
10/13	05/02/13	21		03494	5609	LOZANO SMITH, LL	317.50	.00 PROF SERVICES
10/13	05/02/13	21		5355496	0242	JORGENSEN & COMP	54.36	.00 RECHARGE EXTINGUISHER
10/13	05/02/13	21		INI1013	0655	WILLIE B. EWING,	675.00	.00 PHYSICALS
10/13	05/02/13	21		MAR13SRVCS	0772	COUNTY OF KINGS	4,381.00	.00 TECH COMM SRVS 03/13
10/13	05/02/13	21		04092013	0057	RICHARD A BLAK,	350.00	.00 PRE EMPLOY PSYCH TEST
TOTAL				PROFESSIONAL CONTRACT SVC	.00		20,248.63	.00
4320				MEETINGS & DUES				
10/13	05/02/13	21		04192013	5123	RYAN O'BARR	247.00	.00 PER DIEM/R.O'BARR
TOTAL				MEETINGS & DUES	.00		247.00	.00
4330				PRINTING & PUBLICATIONS				
10/13	05/02/13	21		44419538	5283	LEXISNEXIS	392.93	.00 PENAL CODE HANDBOOK
TOTAL				PRINTING & PUBLICATIONS	.00		392.93	.00
4340				UTILITIES				

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ACCOUNTING PERIOD: 11/13

FUND - 001 - GENERAL FUND  
BUDGET UNIT - 4221 - POLICE

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4340								UTILITIES
10/13	05/02/13	21	000004283267	5516 AT&T		17.89	.00	559-924-3116
10/13	05/02/13	21	000004291382	5516 AT&T		186.72	.00	234-267-8470
11/13	05/02/13	21	000004302242	5516 AT&T		52.29	.00	559-925-1363
11/13	05/02/13	21	000004302244	5516 AT&T		294.56	.00	559-925-6800
TOTAL					.00	551.46	.00	
4380								RENTALS & LEASES
11/13	05/02/13	21	13593208	5977 GREATAMERICA FIN		1.35	.00	LANIER COPIER
10/13	05/02/13	21	226804193	5842 U.S. BANCORP EQ		771.70	.00	PD COPIER
10/13	05/02/13	21	255108	1817 C.A. REDING COMP		223.86	.00	PD PRINTERS
TOTAL					.00	996.91	.00	
TOTAL					.00	29,677.34	-3,401.14	

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 ACCOUNTING PERIOD: 11/13

FUND - 001 - GENERAL FUND  
 BUDGET UNIT - 4222 - FIRE

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220			OPERATING SUPPLIES					
10/13 05/02/13 21	6078	-02	30149	6248 49ER COMMUNICATI		1,953.00	-1,953.00	AQUA MINER MIC
10/13 05/02/13 21	6078	-02	30184	6248 49ER COMMUNICATI		837.00	-837.00	AQUA MINER MIC
10/13 05/02/13 21	6078	-03	30149	6248 49ER COMMUNICATI		217.95	-100.77	SHIPPING & SALES TAX
10/13 05/02/13 21	6078	-03	30184	6248 49ER COMMUNICATI		92.08	.00	SHIPPING & SALES TAX
10/13 05/02/13 21			326640	6255 JOHN'S TREE SERV		25.00	.00	SHARPEN CHAIN BLADE
11/13 05/02/13 21			5502192159	0373 PITNEY BOWES, IN		19.18	.00	OFFICE SUPPLIES
TOTAL					.00	3,144.21	-2,890.77	
4230			REPAIR/MAINT SUPPLIES					
10/13 05/02/13 21			2208233	5441 ELBERT DISTRIBUT		53.66	.00	GLASS CLEANER
10/13 05/02/13 21			07178	0061 BOB'S AUTO PARTS		23.22	.00	WHITMAN FLEX HANDLE
10/13 05/02/13 21			1268695-00	0126 L.N. CURTIS & SO		272.55	.00	CARBINE CHAIN/FILTER
10/13 05/02/13 21			2208234	5441 ELBERT DISTRIBUT		37.43	.00	WAX/PAD/QUART BOTTLE
TOTAL					.00	386.86	.00	
4310			PROFESSIONAL CONTRACT SVC					
10/13 05/02/13 21			001-001032	5814 CITY OF HANFORD		10,293.14	.00	DISPATCH SERVICE-MAY
10/13 05/02/13 21			IN1013	0655 WILLIE B. EWING,		75.00	.00	PHYSICALS
TOTAL					.00	10,368.14	.00	
4320			MEETINGS & DUES					
10/13 05/02/13 21	6078	-01	30149	6248 49ER COMMUNICATI		89.00	-89.00	ANNUAL PREMIUM MEMBERSHIP
TOTAL					.00	89.00	-89.00	
4340			UTILITIES					
10/13 05/02/13 21			000004291385	5516 AT&T		92.26	.00	234-371-7008
10/13 05/02/13 21			9702710676	0116 VERIZON WIRELESS		15.39	.00	SERVICES 03/05-04/04
11/13 05/02/13 21			000004302247	5516 AT&T		14.87	.00	559-925-9790
TOTAL					.00	122.52	.00	
4350			REPAIR/MAINT SERVICES					
10/13 05/02/13 21			29370	2993 MD COMMUNICATION		185.00	.00	TECH SRVC/TRAVEL TIME
TOTAL					.00	185.00	.00	
4360			TRAINING					
10/13 05/02/13 21			00079073	2914 AAA QUALITY SERV		122.43	.00	EVENT PREP/DELIVERY
TOTAL					.00	122.43	.00	
4380			RENTALS & LEASES					
11/13 05/02/13 21			13593208	5977 GREATAMERICA FIN		39.70	.00	LANIER COPIER
TOTAL					.00	39.70	.00	
TOTAL					.00	14,457.86	-2,979.77	





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 ACCOUNTING PERIOD: 11/13

FUND - 001 - GENERAL FUND  
 BUDGET UNIT - 4242 - RECREATION

ACCOUNT DATE	T/C	ENCUMBER	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220								OPERATING SUPPLIES
10/13	05/02/13	21	4591	5829 JONES BOYS LLC		154.80	.00	ROYAL BLUE STAFF T'S
10/13	05/02/13	21	4542	5829 JONES BOYS LLC		37.63	.00	DISC GOLF SIGNS
10/13	05/02/13	21	4333	5829 JONES BOYS LLC		43.00	.00	2- COROPLAST SIGN
10/13	05/02/13	21	17186	2045 BUDDY'S TROPHIES		220.38	.00	4 TROPHIES
10/13	05/02/13	21	4592	5829 JONES BOYS LLC		80.63	.00	SOCCER POSTERS
11/13	05/02/13	21	5502192159	0373 PITNEY BOWES, IN		21.07	.00	OFFICE SUPPLIES
TOTAL					.00	557.51	.00	
4310								PROFESSIONAL CONTRACT SVC
10/13	05/02/13	21	04292013	T1586 JOSE PEREZ		1,225.00	.00	INDOOR SOCCER REFEREE
10/13	05/02/13	21	04292013	6257 RYAN ROCHA		5,902.00	.00	APRIL 13-CROSSFIT
10/13	05/02/13	21	04292013	6229 RODRIGUEZ, TARA		122.50	.00	APRIL 13-KINDERMUSIK
10/13	05/02/13	21	04292013	5235 STATE DISBURSEME		324.00	.00	APRIL WITHHOLDING
10/13	05/02/13	21	04292013	5800 REBECCA SEARGEAN		87.50	.00	APRIL DRAMA CLUB
10/13	05/02/13	21	04292013	T1329 JENNIFER SHELDON		183.40	.00	APR PEE WEE FIT/PAINT
10/13	05/02/13	21	04292013	T1429 VANESSA TADEO		84.00	.00	APRIL HIP HOP DANCE
10/13	05/02/13	21	04292013	T1328 DENISE TAYLOR		210.00	.00	RIDING APRIL
10/13	05/02/13	21	63113	6115 EMPLOYEE RELATIO		135.00	.00	PRE-EMPLOY BCKGRND
10/13	05/02/13	21	04302013	5827 CRAIG J. MELLON		400.00	.00	CLUB 34/DJ LIGHT SHOW
10/13	05/02/13	21	04302013	6258 JOSE RAMOS		300.00	.00	CLUB 78/DJ LIGHT SHOW
10/13	05/02/13	21	04292013	5742 LUCIANA JOHNSTON		987.00	.00	APRIL YOGA
10/13	05/02/13	21	04292013	T1498 KATHLEEN MENDOZA		17.50	.00	APR BODY SCRUB CLASS
10/13	05/02/13	21	04292013	5674 JENNIFER MELENDE		619.50	.00	APR 13- CHEERLEADING
10/13	05/02/13	21	1292	6099 BOCKYN,LLC		250.00	.00	MAY SOFTWARE MAINT.
10/13	05/02/13	21	04292013	T1326 COSTA, DANNY		777.50	.00	INDOOR SOCCER ATTEND.
10/13	05/02/13	21	04292013	T1444 CORREIA, JOE		510.00	.00	INDOOR SOCCER ATTEND.
10/13	05/02/13	21	04292013	5614 CHRISTINA DE LA		87.50	.00	APRIL 13 - ZUMBA
10/13	05/02/13	21	04292013	T1335 CHARLIE ENNES		420.00	.00	APRIL 13-GUITAR CLASS
10/13	05/02/13	21	04292013	6240 FRAGATA, NELSON		100.00	.00	INDOOR SOCCER REFEREE
10/13	05/02/13	21	04292013	5962 GLASPIE, JASON		800.90	.00	APRIL BOXING
TOTAL					.00	13,543.30	.00	
4340								UTILITIES
10/13	05/02/13	21	9702710676	0116 VERIZON WIRELESS		140.77	.00	SERVICES 03/05-04/04
11/13	05/02/13	21	000004302247	5516 AT&T		8.92	.00	559-925-9790
TOTAL					.00	149.69	.00	
4380								RENTALS & LEASES
11/13	05/02/13	21	13593208	5977 GREATAMERICA FIN		579.04	.00	LANIER COPIER
TOTAL					.00	579.04	.00	
TOTAL					.00	14,829.54	.00	RECREATION
TOTAL					.00	93,432.41	-6,380.91	GENERAL FUND

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FUND - 028 - CITY GRANTS- CAP PROJ  
BUDGET UNIT - 4726D - URBAN FORESTRY - HERITAGE

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4317								CONSTRUCTION/IMPLEMENTA.
10/13	05/02/13	21	4561	5829 JONES BOYS LLC		387.00	.00	3-ALUMNIPANEL SIGNS
10/13	05/02/13	21	100288	5783 ACTION EQUIPMENT		274.40	.00	RENT 9" BRUSH CHIPPER
TOTAL					.00	661.40	.00	CONSTRUCTION/IMPLEMENTA.
TOTAL					.00	661.40	.00	URBAN FORESTRY - HERITAGE

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 028 - CITY GRANTS- CAP PROJ  
BUDGET UNIT - 4726M - VINE ST SIDEWALKS/MEADOW

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4318			ENGINEERING/PLANNED DEVEL					
10/13	05/02/13	21	71726	0876 QUAD KNOPF, INC.		2,039.31	.00	SAFE ROUTES TO SCHOOL
TOTAL			ENGINEERING/PLANNED DEVEL		.00	2,039.31	.00	
TOTAL			VINE ST SIDEWALKS/MEADOW		.00	2,039.31	.00	

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 028 - CITY GRANTS- CAP PROJ  
BUDGET UNIT - 4726N - DOOR FOR AIR RIFLE RANGE

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4310								
10/13	05/02/13	21	41370	1347 DIAMOND CUT GLAS		85.00	.00	LABOR/WIRE GLASS
TOTAL					.00	85.00	.00	
TOTAL					.00	85.00	.00	

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 028 - CITY GRANTS- CAP PROJ  
BUDGET UNIT - 4726P - MULTIPURPOSE WORKOUT ROOM

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4317								CONSTRUCTION/IMPLEMENTA.
10/13 05/02/13 21			21196	0388 REED ELECTRIC		2,287.42	.00	CMC-REPLACE TRSFRMER
10/13 05/02/13 21			20470	0388 REED ELECTRIC		2,400.00	.00	ELECTRICAL/FIT ROOM
10/13 05/02/13 21			21616	0388 REED ELECTRIC		1,691.00	.00	INSTALL 10 PLUGS
10/13 05/02/13 21			21456	0388 REED ELECTRIC		1,940.00	.00	INSTALL LIGHT FIXTURE
10/13 05/02/13 21			21140	0388 REED ELECTRIC		2,410.00	.00	INSTALL 8 FIXTURES
10/13 05/02/13 21			31013	2923 WILLIAMS MASONRY		1,480.00	.00	INFILL DOOR/SET FRAME
10/13 05/02/13 21			953104154922	2983 FRAZEE PAINT & W		1,165.68	.00	10- 5 GAL PAINT CANS
TOTAL					.00	13,374.10	.00	
TOTAL					.00	13,374.10	.00	
TOTAL					.00	16,159.81	.00	

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ACCOUNTING PERIOD: 11/13

FUND - 040 - FLEET MAINTENANCE  
BUDGET UNIT - 4265 - FLEET MAINTENANCE

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220								OPERATING SUPPLIES
10/13	05/02/13	21	1911176	0381 QUILL CORP.		186.79	.00	TRAVEL KITS
10/13	05/02/13	21	2208212	5441 ELBERT DISTRIBUT		230.66	.00	5-FUEL INDUCTION KITS
10/13	05/02/13	21	3918-145415	6120 O'REILLY AUTO PA		40.84	.00	SPRING COMPRESSOR
10/13	05/02/13	21	8151	0634 TERMINAL AIR BRA		641.14	.00	BRAKE ROTORS/PAD SETS
10/13	05/02/13	21	6246	0634 TERMINAL AIR BRA		-958.01	.00	CREDITS
11/13	05/02/13	21	13593208	5977 GREATAMERICA FIN		34.93	.00	LANIER COPIER
TOTAL					.00	176.35	.00	OPERATING SUPPLIES
4220F								OPERATING SUPPLIES FUEL
10/13	05/02/13	21	415132	0043 BURROWS & CASTAD		13,136.22	.00	CARDLOCK STATEMENT
TOTAL					.00	13,136.22	.00	OPERATING SUPPLIES FUEL
4230								REPAIR/MAINT SUPPLIES
10/13	05/02/13	21	DI52257	3099 NVB EQUIPMENT, I		75.65	.00	A/C HOSE ASSEMBLY
10/13	05/02/13	21	SD48346	0361 ORTON'S EQUIPMEN		45.50	.00	REMOVE/INSTALL LINE
10/13	05/02/13	21	62575	0535 RUCKSTELL CALIF		153.70	.00	18MM SOURCING PROX
10/13	05/02/13	21	01082540	2484 LEHR AUTO ELECTR		139.05	.00	4-LAMP KITS
10/13	05/02/13	21	6796592-01	5379 TURF STAR		166.84	.00	TIRE AND WHEEL
10/13	05/02/13	21	6798875-00	5379 TURF STAR		567.68	.00	2 WHEELS/24 BUSHINGS
10/13	05/02/13	21	88025	0458 VALLEY FORD LINC		79.55	.00	20-LUG NUTS
10/13	05/02/13	21	88316	0458 VALLEY FORD LINC		56.70	.00	HOUSING
10/13	05/02/13	21	88243	0458 VALLEY FORD LINC		82.80	.00	SWITCH
10/13	05/02/13	21	88284	0458 VALLEY FORD LINC		79.55	.00	20-LUG NUTS
10/13	05/02/13	21	87987	0458 VALLEY FORD LINC		16.90	.00	OIL DRAIN PLUGS
10/13	05/02/13	21	88007	0458 VALLEY FORD LINC		-107.50	.00	RETURN-CORE
10/13	05/02/13	21	01082540	2484 LEHR AUTO ELECTR		139.05	.00	LAMP KIT
10/13	05/02/13	21	4-223928	1908 BATTERY SYSTEMS		156.67	.00	2- BATTERIES
10/13	05/02/13	21	4-C26993	1908 BATTERY SYSTEMS		-86.95	.00	RETURN US8VGC BATTERY
10/13	05/02/13	21	4-225089	1908 BATTERY SYSTEMS		79.95	.00	1-BATTERY
10/13	05/02/13	21	4-224725	1908 BATTERY SYSTEMS		79.95	.00	1- BATTERY
10/13	05/02/13	21	4-224932	1908 BATTERY SYSTEMS		81.24	.00	1- BATTERY
10/13	05/02/13	21	4-224724	1908 BATTERY SYSTEMS		79.95	.00	1- BATTERY
10/13	05/02/13	21	4-C26712	1908 BATTERY SYSTEMS		-35.95	.00	RETURN 2 C-31-8ST
10/13	05/02/13	21	4-C26708	1908 BATTERY SYSTEMS		-161.77	.00	RETURN 3 C-31-8ST
10/13	05/02/13	21	4-223972	1908 BATTERY SYSTEMS		130.62	.00	1-BATTERY 8 VOLT GOLF
10/13	05/02/13	21	7605	0634 TERMINAL AIR BRA		259.48	.00	PAD SET/ROTOR
10/13	05/02/13	21	5603	0634 TERMINAL AIR BRA		416.33	.00	PAD SETS/ROTOR
10/13	05/02/13	21	FR100314	0799 GOLDEN STATE PET		585.31	.00	FILTER/SENSOR/LABOR
TOTAL					.00	3,080.30	.00	REPAIR/MAINT SUPPLIES
4310								PROFESSIONAL CONTRACT SVC
10/13	05/02/13	21	INL013	0655 WILLIE B. EWING,		25.00	.00	PHYSICALS
TOTAL					.00	25.00	.00	PROFESSIONAL CONTRACT SVC
4340								UTILITIES
10/13	05/02/13	21	067561152	0483 XEROX CORPORATIO		56.36	.00	MARCH SERVICES

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FUND - 040 - FLEET MAINTENANCE  
BUDGET UNIT - 4265 - FLEET MAINTENANCE

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4340	UTILITIES		(cont'd)					
10/13	05/02/13	21	9702710676	0116 VERIZON WIRELESS		7.14	.00	SERVICES 03/05-04/04
11/13	05/02/13	21	000004302243	5516 AT&T		1.99	.00	559-925-2806
TOTAL	UTILITIES				.00	65.49	.00	
4350	REPAIR/MAINT SERVICES							
11/13	05/02/13	21 6085	-01 FR100398	0799 GOLDEN STATE PET		56.16	-56.16	GASKET
11/13	05/02/13	21 6085	-02 FR100398	0799 GOLDEN STATE PET		6.36	-6.36	GASKET
11/13	05/02/13	21 6085	-03 FR100398	0799 GOLDEN STATE PET		2,214.62	-2,214.62	MODULE
11/13	05/02/13	21 6085	-04 FR100398	0799 GOLDEN STATE PET		346.80	-346.80	FIX FILTER
11/13	05/02/13	21 6085	-05 FR100398	0799 GOLDEN STATE PET		84.66	-84.66	SHOP SUPPLIES
11/13	05/02/13	21 6085	-06 FR100398	0799 GOLDEN STATE PET		5.00	-5.00	FREIGHT
11/13	05/02/13	21 6085	-07 FR100398	0799 GOLDEN STATE PET		591.60	-591.60	REPLACE DOC/ NEW GASKET
11/13	05/02/13	21 6085	-08 FR100398	0799 GOLDEN STATE PET		194.67	-194.67	TAXES
11/13	05/02/13	21 6085	-09 FR100398	0799 GOLDEN STATE PET		25.00	-25.00	HAZARDOUS WASTE CHARGES
TOTAL	REPAIR/MAINT SERVICES				.00	3,524.87	-3,524.87	
TOTAL	FLEET MAINTENANCE				.00	20,008.23	-3,524.87	
TOTAL	FLEET MAINTENANCE				.00	20,008.23	-3,524.87	

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EXPENDITURE TRANSACTION ANALYSIS

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 045 - GOLF COURSE - CITY  
BUDGET UNIT - 4245 - GOLF COURSE-CITY

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4310								
10/13	05/02/13	21	04012013	1629 SAMPSON, SAMPSON		600.00	.00	PROF SRVS RENDERED
TOTAL					.00	600.00	.00	
9045								
10/13	05/02/13	21	02/13-04/13	4033 US BANK		727.07	.00	GOLF COURSE PAYMENT
TOTAL					.00	727.07	.00	
TOTAL					.00	1,327.07	.00	
TOTAL					.00	1,327.07	.00	

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EXPENDITURE TRANSACTION ANALYSIS

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 049 - WATER GRANT FUND  
BUDGET UNIT - 4749 - ENTERPRISE GRANTS FUND

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4317								
10/13	05/02/13	21	71691	0876 QUAD KNOFF, INC.		2,524.62	.00	ARESENIC MITIGATION
TOTAL					.00	2,524.62	.00	
TOTAL					.00	2,524.62	.00	
TOTAL					.00	2,524.62	.00	

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 049B - SEWER/STRM DRN GRANT FUND  
BUDGET UNIT - 4747A - 19TH AVE/198 INTERCHANGE

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4318			ENGINEERING/PLANNED DEVEL					
10/13	05/02/13	21	71727	0876 QUAD KNOFF, INC.		2,245.82	.00	19TH/198 PONDNG BASIN
TOTAL			ENGINEERING/PLANNED DEVEL		.00	2,245.82	.00	
TOTAL			19TH AVE/198 INTERCHANGE		.00	2,245.82	.00	
TOTAL			SEWER/STRM DRN GRANT FUND		.00	2,245.82	.00	

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
 ACCOUNTING PERIOD: 11/13

FUND - 050 - WATER  
 BUDGET UNIT - 4250 - WATER

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220			OPERATING SUPPLIES					
10/13	05/02/13	21	FO770657	6058 UNIVAR		814.60	.00	SODIUM,MILL FEE,FUEL
10/13	05/02/13	21	FO770658	6058 UNIVAR		533.57	.00	SODIUM,MILL FEE,FUEL
10/13	05/02/13	21	FO770341	6058 UNIVAR		716.58	.00	SODIUM,MILL FEE,FUEL
10/13	05/02/13	21	FO770151	6058 UNIVAR		1,252.48	.00	SODIUM,MILL FEE,FUEL
10/13	05/02/13	21	FO770150	6058 UNIVAR		553.19	.00	SODIUM,MILL FEE,FUEL
10/13	05/02/13	21	FO770162	6058 UNIVAR		1,840.66	.00	SODIUM,MILL FEE,FUEL
10/13	05/02/13	21	FO770146	6058 UNIVAR		906.09	.00	SODIUM,MILL FEE,FUEL
10/13	05/02/13	21	FO769810	6058 UNIVAR		638.14	.00	SODIUM,MILL FEE, FUEL
10/13	05/02/13	21	67973	0474 WEST VALLEY SUPP		21.53	.00	PVC CEMENT/TAPE
10/13	05/02/13	21	FO769632	6058 UNIVAR		664.29	.00	SODIUM,MILL FEE,FUEL
11/13	05/02/13	21 6084	-01 I-037688	1116 GOLDEN STATE FLO		6,879.36	-6,879.36	METER REGISTERS
11/13	05/02/13	21 6084	-02 I-037688	1116 GOLDEN STATE FLO		515.95	-515.95	SALES TAX
11/13	05/02/13	21	61415598	0169 FRESNO OXYGEN		99.48	.00	COMPRESSED GAS/HAZMAT
11/13	05/02/13	21	FO771165	6058 UNIVAR		808.07	.00	SODIUM,MILL FEE,FUEL
11/13	05/02/13	21	FO771152	6058 UNIVAR		893.02	.00	SODIUM,MILL FEE,FUEL
11/13	05/02/13	21	5502192159	0373 PITNEY BOWES, IN		6.22	.00	OFFICE SUPPLIES
TOTAL				OPERATING SUPPLIES	.00	17,143.23	-7,395.31	
4230			REPAIR/MAINT SUPPLIES					
10/13	05/02/13	21	0892043	0188 FERGUSON ENTERPR		132.47	.00	2-SOIL PROBES
10/13	05/02/13	21	31756	2410 BENNETT & BENNET		20.30	.00	SNAPLOCK HOSE CLAMP
10/13	05/02/13	21	0889529	0188 FERGUSON ENTERPR		1,221.69	.00	4-COMP COUP/2-ANG BV
10/13	05/02/13	21	67951	0474 WEST VALLEY SUPP		70.63	.00	6- Y FILTERS
10/13	05/02/13	21	68064	0474 WEST VALLEY SUPP		9.01	.00	COUPLING/SCH80
10/13	05/02/13	21	68013	0474 WEST VALLEY SUPP		79.57	.00	PVC CEMENT/PRIMER
TOTAL				REPAIR/MAINT SUPPLIES	.00	1,533.67	.00	
4310			PROFESSIONAL CONTRACT SVC					
10/13	05/02/13	21	001-001032	5814 CITY OF HANFORD		3,431.05	.00	DISPATCH SERVICE-MAY
10/13	05/02/13	21	63113	6115 EMPLOYEE RELATIO		36.00	.00	PRE-EMPLOY BCKGRND
10/13	05/02/13	21	71698	0876 QUAD KNOPF, INC.		431.10	.00	GENERAL ENGINEERING
10/13	05/02/13	21	62794	6115 EMPLOYEE RELATIO		45.00	.00	PRE-EMPLY BCKGRND CHK
10/13	05/02/13	21	IN1013	0655 WILLIE B. EWING,		190.00	.00	PHYSICALS
10/13	05/02/13	21	71701	0876 QUAD KNOPF, INC.		9,049.68	.00	URBN WTR PLN MANGMNT
TOTAL				PROFESSIONAL CONTRACT SVC	.00	13,182.83	.00	
4330			PRINTING & PUBLICATIONS					
10/13	05/02/13	21	0000147366	0199 HANFORD SENTINEL		72.61	.00	PUBLIC NOTICE
10/13	05/02/13	21	0000147641	0199 HANFORD SENTINEL		45.89	.00	PUBLIC NOTICE
TOTAL				PRINTING & PUBLICATIONS	.00	118.50	.00	
4340			UTILITIES					
10/13	05/02/13	21	MARCH/APRIL	0423 THE GAS COMPANY		51.38	.00	03/25/13-04/23/13
10/13	05/02/13	21	8260011APR13	0363 P G & E		48,973.80	.00	02/21/13-04/09/13
10/13	05/02/13	21	000004291383	5516 AT&T		96.39	.00	234-371-3714
10/13	05/02/13	21	9702710676	0116 VERIZON WIRELESS		20.36	.00	SERVICES 03/05-04/04

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CITY OF LEMOORE  
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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 050 - WATER  
BUDGET UNIT - 4250 - WATER

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4340	UTILITIES			(cont'd)				
11/13	05/02/13	21	000004302243	5516 AT&T		2.79	.00	559-925-2806
11/13	05/02/13	21	000004302246	5516 AT&T		15.97	.00	559-925-9481
TOTAL	UTILITIES				.00	49,160.69	.00	
4350	REPAIR/MAINT SERVICES							
10/13	05/02/13	21	381901	6002 ROBERT MUNOZ DBA		280.00	.00	7 BACKFLOW TESTS
10/13	05/02/13	21	10126	0460 VALLEY PUMP & DA		763.44	.00	INSTALL ELECT MOTOR
TOTAL	REPAIR/MAINT SERVICES				.00	1,043.44	.00	
4380	RENTALS & LEASES							
10/13	05/02/13	21	067561152	0483 XEROX CORPORATIO		56.36	.00	MARCH SERVICES
11/13	05/02/13	21	13593208	5977 GREATAMERICA FIN		91.03	.00	LANIER COPIER
TOTAL	RENTALS & LEASES				.00	147.39	.00	
4850	CIP ASSET REPL PROJECTS							
10/13	05/02/13	21	71688	0876 QUAD KNOFF, INC.		11,933.33	.00	CIP#2- N. TANK RECOAT
TOTAL	CIP ASSET REPL PROJECTS				.00	11,933.33	.00	
TOTAL	WATER				.00	94,263.08	-7,395.31	

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 050 - WATER  
BUDGET UNIT - 4251 - UTILITY OFFICE

ACCOUNT	DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220									
11/13	05/02/13	21		5502192159	0373 PITNEY BOWES, IN		16.87	.00	OFFICE SUPPLIES
TOTAL						.00	16.87	.00	
4310									
10/13	05/02/13	21		03494	5609 LOZANO SMITH, LL		1,088.50	.00	PROF SERVICES
10/13	05/02/13	21		04012013	1629 SAMPSON, SAMPSON		2,700.00	.00	PROF SRVS RENDERED
TOTAL						.00	3,788.50	.00	
4340									
10/13	05/02/13	21		000004283270	5516 AT&T		13.03	.00	559-924-9003
11/13	05/02/13	21		000004302247	5516 AT&T		16.36	.00	559-925-9790
TOTAL						.00	29.39	.00	
4380									
11/13	05/02/13	21		13593208	5977 GREATAMERICA FIN		186.72	.00	LANIER COPIER
TOTAL						.00	186.72	.00	
TOTAL						.00	4,021.48	.00	
TOTAL						.00	98,284.56	-7,395.31	

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
 ACCOUNTING PERIOD: 11/13

FUND - 056 - REFUSE  
 BUDGET UNIT - 4256 - REFUSE

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220								OPERATING SUPPLIES
11/13	05/02/13	21	5502192159	0373 PITNEY BOWES, IN		3.56	.00	OFFICE SUPPLIES
TOTAL					.00	3.56	.00	
4230								REPAIR/MAINT SUPPLIES
10/13	05/02/13	21	61412382	0169 FRESNO OXYGEN		99.48	.00	CHEMICALS/HAZMAT
TOTAL					.00	99.48	.00	
4310								PROFESSIONAL CONTRACT SVC
10/13	05/02/13	21	001-001032	5814 CITY OF HANFORD		3,431.04	.00	DISPATCH SERVICE-MAY
10/13	05/02/13	21	63113	6115 EMPLOYEE RELATIO		45.00	.00	PRE-EMPLOY BCKGRND
10/13	05/02/13	21	IN1013	0655 WILLIE B. EWING,		25.00	.00	PHYSICALS
TOTAL					.00	3,501.04	.00	
4340								UTILITIES
10/13	05/02/13	21	9702710676	0116 VERIZON WIRELESS		26.67	.00	SERVICES 03/05-04/04
11/13	05/02/13	21	000004302243	5516 AT&T		1.59	.00	559-925-2806
TOTAL					.00	28.26	.00	
4380								RENTALS & LEASES
11/13	05/02/13	21	13593208	5977 GREATAMERICA FIN		28.75	.00	LANIER COPIER
10/13	05/02/13	21	067561152	0483 XEROX CORPORATIO		36.47	.00	MARCH SERVICES
TOTAL					.00	65.22	.00	
TOTAL					.00	3,697.56	.00	REFUSE
TOTAL					.00	3,697.56	.00	REFUSE

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 060 - SEWER& STROM WTR DRAINAGE  
BUDGET UNIT - 4260 - SEWER

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4220								OPERATING SUPPLIES
10/13 05/02/13 21			248864	2072 SIERRA CHEMICAL		4,570.36	.00	CHLORINE/DEPOSIT
10/13 05/02/13 21			79920	2072 SIERRA CHEMICAL		-3,000.00	.00	DEPOSIT RETURN
10/13 05/02/13 21			8264	5140 BOGIE'S PUMP SYS		455.00	.00	10-50' FLOATS/FREIGHT
10/13 05/02/13 21			248244	2072 SIERRA CHEMICAL		6,085.48	.00	CHLORINE/DEPOSIT
10/13 05/02/13 21			79666	2072 SIERRA CHEMICAL		-4,000.00	.00	DEPOSIT RETURN
11/13 05/02/13 21			5502192159	0373 PITNEY BOWES, IN		1.99	.00	OFFICE SUPPLIES
TOTAL					.00	4,112.83	.00	
4310								PROFESSIONAL CONTRACT SVC
10/13 05/02/13 21			001-001032	5814 CITY OF HANFORD		3,431.05	.00	DISPATCH SERVICE-MAY
10/13 05/02/13 21			3108057	6245 MOORE TWINING AS		210.00	.00	WASTE WATER TESTING
10/13 05/02/13 21			203087	0664 SJVAPCD		73.00	.00	PERMIT FEES
10/13 05/02/13 21			3112052	6245 MOORE TWINING AS		110.00	.00	WASTE WATER TESTING
10/13 05/02/13 21			3113019	6245 MOORE TWINING AS		755.00	.00	WASTE WATER TESTING
10/13 05/02/13 21			71698	0876 QUAD KNOFF, INC.		431.10	.00	GENERAL ENGINEERING
10/13 05/02/13 21			IN1013	0655 WILLIE B. EWING,		65.00	.00	PHYSICALS
10/13 05/02/13 21			5344997	0242 JORGENSEN & COMP		1,200.00	.00	OSHA CONSULT SRVS
10/13 05/02/13 21			71699	0876 QUAD KNOFF, INC.		1,220.56	.00	LEPRINO
TOTAL					.00	7,495.71	.00	
4320								MEETINGS & DUES
10/13 05/02/13 21			04162013	0610 CSJ SECTION OF T		100.00	.00	TRAINING SESSION
10/13 05/02/13 21			04302013	2344 STATE WATER RESO		230.00	.00	APPLICATION RENEWAL
TOTAL					.00	330.00	.00	
4340								UTILITIES
10/13 05/02/13 21			4890076APR13	0363 P G & E		20,236.58	.00	02/23/13-04/21/13
10/13 05/02/13 21			000004291387	5516 AT&T		32.12	.00	238-841-2060
10/13 05/02/13 21			9702710676	0116 VERIZON WIRELESS		30.35	.00	SERVICES 03/05-04/04
11/13 05/02/13 21			000004302243	5516 AT&T		1.59	.00	559-925-2806
11/13 05/02/13 21			000004302509	5516 AT&T		15.63	.00	559-925-8587
TOTAL					.00	20,316.27	.00	
4380								RENTALS & LEASES
11/13 05/02/13 21			13593208	5977 GREATAMERICA FIN		77.63	.00	LANIER COPIER
10/13 05/02/13 21			067561152	0483 XEROX CORPORATIO		53.04	.00	MARCH SERVICES
TOTAL					.00	130.67	.00	
TOTAL					.00	32,385.48	.00	
TOTAL					.00	32,385.48	.00	

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 068 - GENERAL FACILITIES CAP  
BUDGET UNIT - 4714B - DEPTS OFFICE SPACE - CMC

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4317								CONSTRUCTION/IMPLEMENTA.
10/13 05/02/13 21			21158	0388 REED ELECTRIC		2,300.00	.00	CMC- PIPE 110 PANEL
10/13 05/02/13 21			21157	0388 REED ELECTRIC		2,450.00	.00	CMC- DEMO TRANSFORMER
10/13 05/02/13 21			21131	0388 REED ELECTRIC		355.22	.00	CMC-PARTS/FLOOR BOX
10/13 05/02/13 21			21193	0388 REED ELECTRIC		285.00	.00	CMC- ELECTRICAL WORK
10/13 05/02/13 21			009343	0005 A-1 ALLSTAR PLUM		15,505.74	.00	CMC-PLUMB LABOR/PARTS
10/13 05/02/13 21			1114	6253 COPPERHEAD ROAD		24,964.90	.00	CMC-HVAC INSTALLATION
10/13 05/02/13 21			21614	0388 REED ELECTRIC		2,400.00	.00	CMC- RUN PIPING
TOTAL					.00	48,260.86	.00	
TOTAL					.00	48,260.86	.00	DEPTS OFFICE SPACE - CMC
TOTAL					.00	48,260.86	.00	GENERAL FACILITIES CAP

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 078 - LLMD/PFMD  
BUDGET UNIT - 4801 - LLMD ZONE 1 WESTFIELD

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4310								
11/13	05/02/13	21	13593208	5977 GREATAMERICA FIN		2.79	.00	LANIER COPIER
TOTAL					.00	2.79	.00	
TOTAL					.00	2.79	.00	

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 078 - LLMD/PFMD  
BUDGET UNIT - 4812 - LLMD ZONE 12 SUMMERWIND

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4350								
10/13	05/02/13	21	21615	0388 REED ELECTRIC		139.14	.00	FIX BLOWN FUSE
TOTAL					.00	139.14	.00	
TOTAL					.00	139.14	.00	

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SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 078 - LLMD/PFMD  
BUDGET UNIT - 4815F - SAGECREST ESTATES

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4310			PROFESSIONAL CONTRACT SVC					
10/13	05/02/13	21	71700	0876 QUAD KNOPP, INC.		329.04	.00	PFMD ZONE 6
TOTAL			PROFESSIONAL CONTRACT SVC		.00	329.04	.00	
TOTAL			SAGECREST ESTATES		.00	329.04	.00	
TOTAL			LLMD/PFMD		.00	470.97	.00	

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CITY OF LEMOORE  
EXPENDITURE TRANSACTION ANALYSIS

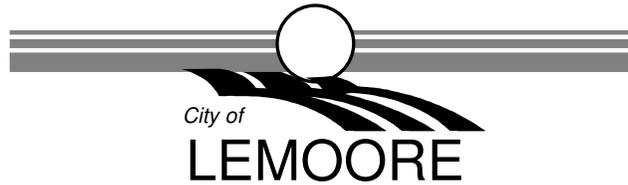
PAGE NUMBER: 31  
AUDIT11

SELECTION CRITERIA: transact.yr='13' and transact.fund between '001' and '099' and transact.batch='AC0507'  
ACCOUNTING PERIOD: 11/13

FUND - 085 - PBIA  
BUDGET UNIT - 4270 - PBIA

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4310								
10/13	05/02/13	21	AH45665	5189 MUZAK		106.51	.00	MAY SERVICES
TOTAL					.00	106.51	.00	
TOTAL	PBIA				.00	106.51	.00	
TOTAL	PBIA				.00	106.51	.00	
TOTAL REPORT					.00	318,903.90	-17,301.09	

*Mayor*  
William Siegel  
*Mayor Pro Tem*  
Lois Wynne  
*Council Members*  
John Gordon  
Eddie Neal  
Willard Rodarmel



**Public Works  
Department**

711 W. Cinnamon Drive  
Lemoore, CA 93245  
Phone (559) 924-6735  
FAX (559) 924-6708

## **Staff Report**

Item # 5C

**To: Lemoore City Council**  
**From: Lauren Apone, Administrative Analyst** *LA*  
**Date: April 30, 2013**  
**Subject: Authorization to Bid – Safe Routes to School Sidewalk Projects**

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### **Background:**

The Public Works Department is requesting authorization to go out to bid for sidewalk projects associated with a Safe Routes to School Grant received in July 2012. This project consists of constructing new sidewalk along the west side of Vine Street between Cedar Lane and Vine Court, where there is no existing sidewalk and installing eighteen Americans with Disabilities Act (ADA) compliant handicap ramps at various intersections along the walking route to Meadow Lane School. These projects were identified by the school district as safety concerns for the children riding and biking to school. Construction is anticipated to commence and be completed during the summer months so as not to interfere with the student traffic during the school year.

### **Budget:**

Estimated costs are \$146,300. The Safe Routes to School grant contributes \$130,100 and the local match of \$16,200 will be paid out of Local Transportation Funds (LTF).

### **Recommendation**

That Council authorize staff to go out to bid for the Safe Routes to School sidewalk project.

Mayor  
William Siegel  
Mayor Pro Tem  
Lois Wynne  
Council Members  
John Gordon  
Eddie Neal  
Willard Rodarmel



**Finance  
Department**

119 Fox Street  
Lemoore, CA 93245  
Phone (559) 924-6700  
FAX (559) 924-9003

## Staff Report

Item # 5D

**To: Lemoore City Council**  
**From: Cheryl Silva, Finance Director** *CS*  
**Date: May 2, 2013**  
**Subject: Audited Financial Statements and Additional Information for the Lemoore Golf Course and a Single Audit Report**

**Discussion:**

The City of Lemoore has an independent auditor perform the annual audit of the City's Golf Course and a Compliance Review in Accordance with OMB Circular A-133 of financial records and internal controls. They prepare the Annual Financial Statement for the Golf Course and a Single Audit Report. The City's independent auditor, Sampson, Sampson & Patterson, LLP, has completed the fiscal year 2011/2012 report of the Lemoore Golf Course Audited Financial Statement and a Single Audit Report.

The independent auditor has issued an unqualified opinion for each of these audits. The unqualified opinion is the best opinion that can be given by an auditor to financial statements. The unqualified opinion is issued by an auditor when the financial statements presented are free of material misstatements and represent fairly the financial position in accordance with generally accepted accounting principles.

Sampson, Sampson and Patterson have some management findings included in the Single Audit Report. I will be prepared to answer any questions you may have on our ability to implement any of the recommendations of the findings made by the auditors. Prepared are the 2011/2012 Lemoore Golf Course audited financials and the Single Audit for review.

The fiscal year 2011/2012 audit contains four findings. They are as follows:

1. Credit Cards - During our testing of controls over credit cards, the following was noted:

We selected two months out of the fiscal year and tested all credit card payments for those billing cycles. Out of the thirty credit card bills tested, five did not have all of the supporting documentation attached. We also noted the credit card policy should be reviewed and updated to ensure proper controls over credit cards have been put in place and are being properly monitored by the Finance Department.

Response: We are reviewing and updating all policies and procedures in the Finance Department. The Accountant in the Finance Department is reviewing

*"In God We Trust"*

every credit card statement against every receipt from the departments and making the departments accountable of missing items. The updated policy and procedures will have consequences for the departments if receipts are missing from the credit card statement.

2. General Ledger- As a result of the audit process over 40 journal entries were required to adjust the general ledger for it to reflect proper account balances for the year. The following is a list of problems that were encountered while working with the general ledger:

1. Several adjusting entries for fund balance to make them agree with the prior years audited year-end balances.
2. Journal entries were not kept organized and there was a lot of confusion regarding which entries had been recorded by the City and which journal entries had been given to the auditors. Journal entries are not being properly reviewed prior to posting causing additional reclassifying entries to correct prior mispostings.
3. New funds were added by the City after field work was completed and the auditors were writing the report. Several reclassifying entries were then prepared and redone several times to move balances between funds causing confusion.

Response: The Finance Department has provided training for the accounting system to eliminate some of the issues with fund balances. Journal entries will be reviewed by the Finance Director prior to posting. The accounting staff now has a shared drive on the computer so that accounting records, including the journal entries are available for use by all. Procedures are being implemented that will list all activities that should be completed on a daily, monthly, quarterly and annual basis. This should help with the communication between the internal accounting staff so that all activities can be completed in a timely manner. These changes will be included in the review and update of the policies and procedures manual that is being created by Finance.

3. Recordkeeping of Capital Assets – The City did not adequately maintain the fixed asset records during the 2011/2012 year. The schedules provided at the beginning of the audit were partially incomplete, mathematically incorrect or did not agree to the supporting detail. In addition records for the CIP projects are not being contemporaneously maintained, resulting in hastily prepared schedules during the audit that often require revisions.

Response: Finance is verifying that the fixed asset records as of June 30, 2012 tie out to the balances that are reflected in the audit report. We will improve our reconciliations of fixed assets and depreciation schedules during the fiscal year. We will continue to improve communication with the departments as to the status of CIP projects to know when to convert them to fixed assets or to expense out the projects that are not going to continue. These changes should ensure that Finance will be able to produce accurate, timely fixed asset records for the 2012/2013 audit.

4. Payroll Policies and Procedures Documentation- During our testing of payroll the following was noted:

The internal control documentation for payroll was date June 30, 2006. There have been personnel changes in the Finance Department and technological changes in the payroll area since 2006. Payroll is a sensitive area and controls over how the payroll process is performed and who has access to payroll information is important. An updated written policy explaining how payroll is performed and by who will decrease the risk that payroll could be done incorrectly, or by a person who does not have proper access to the sensitive information.

Response: As stated in previous responses, the Department is reviewing and updating all policies and procedures, including Payroll. The outdated internal control documentation from 2006 will be reviewed and updated. The Finance Department is working toward the goal of cross training staff on all activities, and the updated policies and procedures are instrumental in that goal.

**Budget Impact:**

None.

**Recommendation:**

That the City Council, by motion, accept the City Golf Course and the Single Audit Report.

**DRAFT**  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE 5/3/13

CITY OF LEMOORE MUNICIPAL GOLF COURSE

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REPORT ON AUDITED  
FINANCIAL STATEMENTS

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YEAR ENDED JUNE 30, 2012

**DRAFT**  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE \_\_\_\_\_

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**DRAFT**  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE \_\_\_\_\_, 2012

City of Lemoore Municipal Golf Course  
Lemoore, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheet of the City of Lemoore Municipal Golf Course (Golf Course), as of June 30, 2012, and the related statement of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the City of Lemoore Municipal Golf Course's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Golf Course as of June 30, 2012 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

CITY OF LEMOORE MUNICIPAL GOLF COURSE  
BALANCE SHEET  
JUNE 30, 2012

**DRAFT**  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE \_\_\_\_\_

ASSETS

CURRENT ASSETS:	
Cash	\$113,218
Receivables	6,843
Prepaid expenses	7,283
Inventories	<u>70,190</u>
TOTAL CURRENT ASSETS	197,534
PROPERTY AND EQUIPMENT - net of accumulated depreciation	<u>501,977</u>
TOTAL ASSETS	<u>\$699,511</u>

LIABILITIES AND EQUITY

CURRENT LIABILITIES:	
Accounts payable	\$ 18,671
Accrued expenses	4,035
Deposits and other liabilities	24,605
Current portion of capital leases	<u>4,170</u>
TOTAL CURRENT LIABILITIES	51,481
LONG-TERM LIABILITIES:	
Loans from Lemoore Redevelopment Successor Agency	485,721
Long-term portion of capital leases	<u>8,685</u>
TOTAL LONG-TERM LIABILITIES	<u>494,406</u>
TOTAL LIABILITIES	545,887
EQUITY:	
Retained earnings	<u>153,624</u>
TOTAL LIABILITIES AND EQUITY	<u>\$699,511</u>

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REVIEW AND APPROVAL  
DRAFT DATE

CITY OF LEMOORE MUNICIPAL GOLF COURSE  
STATEMENT OF INCOME AND RETAINED EARNINGS  
YEAR ENDED JUNE 30, 2012

REVENUES:	
Golf operations	\$ 980,370
Merchandise	193,481
Food and beverage	222,273
Other revenue	<u>8,171</u>
Total revenue	<u>1,404,295</u>
COST OF REVENUES:	
Merchandise	143,099
Beverage	<u>97,028</u>
Total cost of revenues	<u>240,127</u>
GROSS PROFIT	1,164,168
OPERATING EXPENSES:	
Food and beverage	58,076
General and administrative	64,946
Clubhouse	30,590
Golf operations	81,166
Course maintenance	450,753
Advertising and promotion	18,306
Management fee	90,000
Fixed expenses	61,365
Interest expense	30,554
Depreciation	116,804
Other	<u>9,737</u>
Total operating expenses	<u>1,012,297</u>
NET INCOME BEFORE TRANSFERS	151,871
Transfers to City of Lemoore	<u>(275,000)</u>
NET LOSS	(123,129)
RETAINED EARNINGS, BEGINNING OF PERIOD	<u>276,753</u>
RETAINED EARNINGS, END OF PERIOD	<u>\$ 153,624</u>

See notes to financial statements and independent auditors' report.

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REVIEW AND APPROVAL  
DATE

CITY OF LEMOORE MUNICIPAL GOLF COURSE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$(123,129)
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	116,804
Loss on sale of equipment	671
(Increase) decrease in:	
Accounts receivable	9,088
Prepaid expenses	(2,340)
Inventories	(10,421)
Increase (decrease) in:	
Accounts payable	6,860
Accrued expenses	1
Deposits and other liabilities	<u>6,075</u>
Total cash flows from operating activities	<u>3,609</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(35,521)
Proceeds from sale of property and equipment	<u>3,600</u>
Total cost of cash flows (used in) investing activities	<u>(31,921)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from long-term debt	137,392
Principal payments on long-term debt	<u>(184,301)</u>
Total cash flows from financing activities	<u>(46,909)</u>
NET DECREASE IN CASH	(75,221)
CASH, BEGINNING OF YEAR	<u>188,439</u>
CASH, END OF YEAR	<u>\$ 113,218</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest expense	<u>\$ 30,554</u>

See notes to financial statements and independent auditors' report.

CITY OF LEMOORE MUNICIPAL GOLF COURSE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012

**DRAFT**  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE \_\_\_\_\_

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Business Activity

The City of Lemoore Municipal Golf Course (Golf Course) consists of an 18-hole public course, driving range, and clubhouse located on 217 acres in the City of Lemoore (City). The City (a California Municipal Corporation) owns the property and facilities. The City has contracted with Rhoads Golf, LLC to operate the golf course and its facilities. Only the operations of the golf course are included in these financial statements.

Basis of Accounting

The financial statements of the Golf Course have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Golf Course considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2012.

Inventories

Inventories consist of food, beverages and merchandise held for sale, and is valued at the lower of cost or market. Cost is determined using the first in, first out method of accounting.

Equipment and Depreciation

Property and equipment is recorded at cost. Depreciation is provided on the straight-line method over the estimated useful life of the respective assets. Maintenance and repairs are charged to expense as incurred. The Golf Course capitalizes equipment purchases that exceed \$800.

Income Taxes

The Golf Course is exempt from Federal and State Income taxes.

Advertising Costs

Advertising costs are expensed as incurred.

CITY OF LEMOORE MUNICIPAL GOLF COURSE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(Continued)

**DRAFT**  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE \_\_\_\_\_

NOTE 2 - CASH:

The cash balance at June 30, 2012 consisted of the following:

Checking	<u>\$113,218</u>
	<u>\$113,218</u>

NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following at June 30, 2012:

Office furniture	\$ 15,471
Kitchen	19,083
Golf shop equipment	21,637
Driving range	6,540
Maintenance equipment	231,018
Pumps	99,096
Improvements	1,027,545
Golf carts	<u>26,218</u>
	1,446,608
Less accumulated depreciation	<u>(944,631)</u>
Total property and equipment	<u>\$ 501,977</u>

Depreciation expense for the year ended June 30, 2012 was \$116,804.

NOTE 4 - LONG-TERM LIABILITIES:

The golf course's liabilities for capital leases consist of the following at June 30, 2012:

Capital lease for a utility tractor, 48 monthly payments of \$348, beginning August 21, 2011, effective rate of 0.00%.	\$12,855
Less current portion	<u>(4,170)</u>
Total long-term liability for capital leases	<u>\$ 8,685</u>

CITY OF LEMOORE MUNICIPAL GOLF COURSE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
 (Continued)

**DRAFT**  
 SUBJECT TO FINAL  
 REVIEW AND APPROVAL  
 DRAFT DATE \_\_\_\_\_

Annual debt service requirements to maturity for the capital lease commitments are as follows:

Year Ended June 30,	Business-Type Activities
2013	\$ 4,170
2014	4,170
2015	4,170
2016	<u>345</u>
Total	<u>12,855</u>
Present value of future liability payments	<u>\$12,855</u>

Outstanding loan balances due to the Lemoore Redevelopment Successor Agency at June 30, 2012 are as follows:

Loan for cart barn and irrigation equipment	\$149,727
Loan for golf course construction	<u>335,994</u>
	<u>\$485,721</u>

NOTE 5 - LEASE COMMITMENTS:

The Golf Course leases golf carts under operating lease agreements that expire in February 2012 and November 2012. The operating leases consist of the following at June 30, 2012:

Annual minimum rental payments for the golf carts are as follows:

Year Ended June 30,	Golf Carts	Total
2013	\$ 23,519	\$ 23,519
Total	<u>\$ 23,519</u>	<u>\$ 23,519</u>

Golf Cart rentals for the year ended June 30, 2012 were \$44,702.

CITY OF LEMOORE MUNICIPAL GOLF COURSE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012  
(Continued)

**DRAFT**  
**SUBJECT TO FINAL**  
**REVIEW AND APPROVAL**  
**DRAFT DATE \_\_\_\_\_**

NOTE 6 - MANAGEMENT CONTRACT:

The City of Lemoore is under contract with Rhoads Golf, Inc. for the management and operation of the Golf Course. The contract calls for base payments of \$7,500 per calendar month payable in advance on the first day of each month. Rhoads Golf, LLC was paid \$90,000 in the fiscal year ended June 30, 2012 to manage the Golf Course.

NOTE 7 - RELATED PARTY:

In July 2010, Rhoads Golf, LLC began managing and operating the Golf Course. Rhoads Golf, LLC is owned and operated by Rich Rhoads, Golf Manager of Lemoore Municipal Golf Course.

NOTE 8 - SUBSEQUENT EVENTS:

The Golf Course has reviewed the results of the operations and evaluated subsequent events for the period of time from its year ended June 30, 2012 through the date of the accountants' report.

The Golf Course has determined that no adjustments are necessary to amounts reported in the accompanying financial statements, and no subsequent events have occurred, the notice of which would require disclosure.

DRAFT  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE 5/3/13

CITY OF LEMOORE

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SINGLE AUDIT REPORT  
AND  
ADDITIONAL INFORMATION

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JUNE 30, 2012

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April 11, 2013

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Members of City Council of the  
City of Lemoore  
Lemoore, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lemoore as of and for the fiscal year ended June 30, 2012, which collectively comprise the City of Lemoore's basic financial statements and have issued our report thereon dated April 11, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Lemoore is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. Item #2012-2, #2012-3.

**DRAFT**  
**SUBJECT TO FINAL**  
**REVIEW AND APPROVAL**  
**DRAFT DATE \_\_\_\_\_**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. Item #'s 2012-1, 2012-4.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lemoore's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs items.

The City of Lemoore's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and Members of  
City Council of the City of Lemoore  
Lemoore, California

Compliance

We have audited the compliance of the City of Lemoore (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lemoore, as of and for the year ended June 30, 2012, and have issued our report thereon dated April 11, 2013, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CITY OF LEMOORE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**DRAFT**  
 AWARDS TO FINAL  
 REVIEW AND APPROVAL  
 DRAFT DATE \_\_\_\_\_

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Program Number	Expenditures
<b>U.S. Department of Housing and Urban Development:</b>			
Passed through California Department of Housing and Community Development:			
Community Development Block Grant	14.228	10-STBG-6722	\$ 610,427
Community Development Block Grant	14.228	08-EDEF-5881	192,920
HOME	14.239	10-HOME-6868	<u>340,120</u>
Total U.S. Department of Housing and Urban Development			<u>1,143,467</u>
<b>U.S. Department of Transportation:</b>			
Passed through State of California Department of Transportation:			
Highway Planning and Construction	20.205	CML-5115-(24)	10,000
Highway Planning and Construction	20.205	CML-5115(25)	188,000
Highway Planning and Construction	20.205	SRTSL-5115(22)	20,865
Highway Planning and Construction	20.205	CML-5115(23)	<u>289,189</u>
Total U.S. Department of Transportation			<u>508,054</u>
<b>U.S. Environmental Protection Agency:</b>			
Passed through State of California Department of Public Health:			
ARRA – Capitalization Grants for Drinking Water State Revolving Funds	66.468	AR09FP08	<u>598,941</u>
Total U.S. Environmental Protection Agency			<u>598,941</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$2,250,462</u>

CITY OF LEMOORE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**DRAFT**  
**SUBJECT TO FINAL**  
**REVIEW AND APPROVAL**  
**DRAFT DATE \_\_\_\_\_**

**1. REPORTING ENTITY**

The financial reporting entity consists of (a) the primary government, City of Lemoore (City), and (b) component units which include organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units of the City are the:

- Lemoore Redevelopment Agency (dissolved on February 1, 2012)
- Lemoore Financing Authority

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

Funds received under the various grant programs have been recorded within special revenue, and enterprise funds of the City. The City utilizes the modified accrual method of accounting for the special revenue, and full accrual method for enterprise funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly.

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California is included in the schedule.

The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

**3. PROGRAM DESCRIPTIONS**

**U.S. Department of Housing and Urban Development**

**Home Investment Partnerships Program (HOME)**

The objectives of the Home Investment Partnerships Program include: Expanding the supply of decent and affordable housing, particularly housing for low and very low-income Americans; strengthening the abilities of state and local governments to design and implement strategies for achieving adequate supplies for decent, affordable housing; providing financial and technical assistance to participating jurisdictions, including the development of model programs for affordable low-income housing; and extending and strengthening partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing.

CITY OF LEMOORE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(continued)

**DRAFT**  
**SUBJECT TO FINAL**  
**REVIEW AND APPROVAL**  
**DRAFT DATE \_\_\_\_\_**

**Community Development Block Grant (CDBG)**

The Community Development Block Grant (CDBG) Program was authorized under Title I of the Housing and Community Development Act of 1974. The primary objective of the CDBG Program is the development of viable urban communities, including adequate housing, a suitable living environment, and expansion of economic opportunities, principally for persons of low to moderate income. Under this program, the Department of Housing and Urban Development (HUD) distributes funds based upon approved applications to eligible local governmental units for the purpose of community improvements and betterment. The City uses CDBG funds to finance a comprehensive home improvement program that assists low and moderate income residents through low interest subsidies and deferred loans.

**U.S. Department of Transportation**

**Highway Planning and Construction**

State pass through funds are granted directly to Local Public Agencies, such as cities and counties and other political subdivisions. These funds may be used for several highway projects, such as surveying; engineering, capital improvements such as new construction and reconstruction; planning; research and development and other authorized projects.

**U.S. Environmental Protection Agency**

**Capitalization Grants for Drinking Water State Revolving Funds**

Capitalization grants are awarded to States to create and maintain Drinking Water State Revolving Funds Programs. States can use capitalization grant funds to establish a revolving loan fund to assist public water systems finance the costs of infrastructure needed to achieve or maintain compliance with Safe Drinking Water Act requirements and protection to public health objectives of the Act.

CITY OF LEMOORE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**DRAFT**  
**SUBJECT TO FINAL**  
**REVIEW AND APPROVAL**  
**DRAFT DATE \_\_\_\_\_**

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?   X   yes            no

Significant deficiency(s) identified not considered  
to be material weaknesses?   X   yes            no

Noncompliance material to financial statements notes?            yes   X   no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?            yes   X   no

Significant deficiency(s) identified not considered  
to be material weakness(es)?            yes   X   none reported

Type of auditors’ report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are required to be reported  
in accordance with Circular A-133 section 510 (a)?            Yes   X   no

Identification of major programs:

<b>CFDA Number(s)</b>	<b><u>Name of Federal Program or Cluster</u></b>
14.228	<u>Community Development Block Grant</u>
66.468	<u>ARRA – Capitalization Grant for Drinking</u>
	<u>Water State Revolving Funds</u>
14.239	<u>Home Investment Partnership Program</u>

Dollar threshold used to distinguish between Type A  
and Type B program \$300,000

Auditee qualified as low-risk auditee?            yes   X   no

CITY OF LEMOORE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**DRAFT**  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE \_\_\_\_\_

**Part II - Financial Statement Finding Section**

Significant Deficiency

2012-1 – CREDIT CARDS

Condition:

During our testing of controls over credit cards the following was noted:

We selected two months out of the fiscal year and tested all credit card payments for those billing cycles. Out of the thirty credit card bills tested, five did not have all of the supporting documentation attached. We also noted the credit card policy should be reviewed and updated to ensure proper controls over credit cards have been put in place and are being properly monitored by the Finance Department.

Criteria:

Internal controls over credit cards should be updated and monitored to reduce the risk of misuse.

Effect of Condition:

Inadequate controls over the use of credit cards increases the risk of unauthorized purchases.

Cause of Condition:

Internal control procedures over credit cards are not being consistently followed.

Recommendation:

We recommend a thorough review of all credit card statements and their supporting documentation to ensure each purchase has a proper business purpose is coded to the correct account code and is properly supported by documentation that is attached to the credit card statement. We also recommend the credit card policy be reviewed and updated to ensure proper controls have been put in place over the use of credit cards.

Response:

We are reviewing and updating all policies and procedures in the Finance Department. The Accountant in the Finance Department is reviewing every credit card statement against every receipt from the departments and making the departments accountable for missing items. The updated policy and procedures will have consequences for the departments if receipts are missing from the credit card statement.

CITY OF LEMOORE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**DRAFT**  
**SUBJECT TO FINAL**  
**REVIEW AND APPROVAL**  
**DRAFT DATE \_\_\_\_\_**

(Continued)

Material weakness

2012-2 – GENERAL LEDGER

Condition:

As a result of the audit process over 40 journal entries were required to adjust the general ledger for it to reflect proper account balances for the year. The following is a list of problems that were encountered while working with the general ledger:

1. Several adjusting entries to fund balance to make them agree with the prior years audited year-end balances.
2. Journal entries were not kept organized and there was a lot of confusion regarding which entries had been recorded by the City and which journal entries had been given to the auditors. Journal entries are not being properly reviewed prior to posting causing additional reclassifying entries to correct prior mispostings.
3. New funds were added by the City after field work was completed and the auditors were writing the report. Several reclassifying entries were then prepared and redone several times to move balances between funds causing confusion.

Criteria:

Controls over the general ledger should be established and monitored to reduce the risk of material misstatement in the financial statements.

Effect of Condition:

Inadequate maintenance of general ledger controls increases the risk of material misstatement within the financial statements.

Cause of Condition:

Controls over the general ledger are not being properly monitored or consistently followed.

CITY OF LEMOORE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**DRAFT**  
**SUBJECT TO FINAL**  
**REVIEW AND APPROVAL**  
**DRAFT DATE \_\_\_\_\_**

(Continued)

Recommendation:

City finance staff is able to keep detailed subsidiary records current for the most part, however, the general ledger needs to be maintained as this is the prime financial record for the City. Maintenance of the general ledger should be one of the highest priorities. Accounts receivable, accounts payable, long-term debt and capital assets should reflect proper balances and be adjusted on a regular basis. New funds should not be added unless absolutely necessary and all journal entries should be kept organized and should be thoroughly reviewed prior to posting.

Response:

The Finance Department has provided training for the accounting system to eliminate some of the issues with fund balances. Journal entries will be reviewed by the Finance Director prior to posting. The accounting staff now has a shared drive on the computer so that accounting records, including the journal entries are available for use by all. Procedures are being implemented that will list all activities that should be completed on a daily, monthly, quarterly and annual basis. This should help with the communication between the internal accounting staff so that all activities can be completed in a timely manner. These changes will be included in the review and update of the policies and procedures manual that is being created by Finance.

CITY OF LEMOORE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**DRAFT**  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE \_\_\_\_\_

(Continued)

Material Weakness

2012-3 – RECORDKEEPING OF CAPITAL ASSETS

Condition:

The City did not adequately maintain the governmental activities capital asset records during the 2011/2012 year. The schedules provided at the beginning of the audit were partially incomplete, mathematically incorrect or did not agree to the supporting detail. In addition records for CIP projects are not being contemporaneously maintained, resulting in hastily prepared schedules during the audit that often require revisions.

Criteria:

Capital asset records should be maintained on an ongoing basis. The summary schedules provided to the auditors at the beginning of the audit should be reviewed by someone other than the preparer and reconciled to the supporting subsidiary records.

Effect of Condition:

Inadequate maintenance of capital asset records could result in financial statements that are misstated.

Cause of Condition:

Because of time constraints, capital asset schedules are not adequately reviewed prior to being given to the auditors.

Recommendation:

Prior to the beginning of the audit, all capital assets governmental activities schedules should be reviewed and adjusted to agree to the supporting subsidiary records by the Finance Department staff.

Response:

Finance is verifying that the fixed asset records as of June 30, 2012 tie out to the balances that are reflected in the audit report. We will improve our reconciliations of fixed assets and depreciation schedules during the fiscal year. We will continue to improve communication with the departments as to the status of CIP projects to know when to convert them to fixed assets or to expense out the projects that are not going to continue. These changes should ensure that Finance will be able to produce accurate, timely fixed asset records for the 2012/2013 audit.

CITY OF LEMOORE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**DRAFT**  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE \_\_\_\_\_

(Continued)

Significant Deficiency

2012-4 – PAYROLL POLICIES AND PROCEDURES DOCUMENTATION

Condition:

During our testing of payroll the following was noted:

The internal control documentation for payroll was dated June 30, 2006. There have been personnel changes in the Finance Department and technological changes in the payroll area since 2006. Payroll is a sensitive area and controls over how the payroll process is performed and who has access to payroll information is important. An updated written policy explaining how payroll is performed and by who will decrease the risk that payroll could be done incorrectly, or by a person who does not have proper access to the sensitive information.

Criteria:

Proper documentation should be kept regarding payroll policies and procedures to ensure payroll is being done correctly, efficiently and by the appropriate person in the Finance Department.

Effect of Condition:

There could be some confusion as to “who” has authorization to do “what” in the Finance Department resulting in changes made by personnel who are not authorized to make changes.

Cause of Condition:

The Finance Department does not have an updated written policy regarding payroll policies and procedures.

Recommendation:

Updated internal control documentation for payroll should be prepared as soon as possible.

Response:

As stated in previous responses, the Department is reviewing and updating all policies and procedures, including Payroll. The outdated internal control documentation from 2006 will be reviewed and updated. The Finance Department is working toward the goal of cross training staff on all activities, and the updated policies and procedures are instrumental in that goal.

CITY OF LEMOORE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**DRAFT**  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE \_\_\_\_\_

(Continued)

**Part III - Federal Award Findings and Questioned Costs Section**

Significant Deficiencies and Instances of Noncompliance Related to the Audit of Major Federal Programs.

None

CITY OF LEMOORE  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**DRAFT**  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE \_\_\_\_\_

**Findings – Financial Statement Audit.**

Material Weakness

2011-1 – BANK RECONCILIATIONS

Condition:

Cash is not reconciled to the general ledger on a monthly basis. Bank statements accumulate for several months before they are reconciled to the appropriate general ledger controls.

Recommendation:

Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over cash receipts and disbursements. We recommend that all bank accounts be reconciled each month to the City's financial statements (i.e. the general ledger).

Current Status:

The Finance Department has prioritized the process of reconciling cash receipts to the general ledger and hired a part-time accounting technician in August of 2011 that is dedicated to reconciling all bank balances each month. Cash is now being reconciled monthly.

Significant Deficiency

2011-2 – CASH RECEIPTS AT REMOTE LOCATIONS

Condition:

There are several departments within the City (i.e. Police, Parks and Recreation, Public Works) that receive cash payments as a convenience to the customers. These payments are subsequently taken to the Finance Department for processing and to be deposited in the bank. Although controls have been established to safeguard the monies from the point of collection to the bank deposit, we noted that in the prior year audit that many of the controls had broken down and were not being followed during the year. Since the problem was not discovered until May, 2011, the breakdown in controls was still occurring during most of the 2010/2011 year.

Recommendation:

During June of the 2010/2011 year, the Finance Department established policies and procedures for cash receipts at remote locations to address the issues discovered in the prior year audit. We recommend that these new policies and procedures be continually monitored for compliance.

Current Status:

The condition has improved significantly from the prior year as the Finance Department has implemented controls to monitor the logging in and out of cash receipts.

CITY OF LEMOORE  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

**DRAFT**  
**SUBJECT TO FINAL**  
**REVIEW AND APPROVAL**  
**DRAFT DATE \_\_\_\_\_**

Significant Deficiency

2011-3 – RECORDKEEPING OF CAPITAL ASSETS

Condition:

The City did not adequately maintain the governmental activities capital asset records during the 2010/2011 year. The schedules provided at the beginning of the audit were partially incomplete, mathematically incorrect or did not agree to the supporting detail. In addition, records for CIP projects are not being contemporaneously maintained, resulting in hastily prepared schedules during the audit that often require revisions.

Recommendation:

Prior to the beginning of the audit, all capital assets governmental activities schedules should be reviewed and adjusted to agree to the supporting subsidiary records by the Finance Department staff.

Current Status:

Unchanged from prior year, please see finding 2012-3 as of June 30, 2012.

**DRAFT**  
SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE \_\_\_\_\_

Additional Information

April 11, 2013

REPORT ON COMPLIANCE  
WITH ARTICLE XIII B – APPROPRIATIONS LIMIT

To the Members of City Council of the  
City of Lemoore  
Lemoore, California

We have applied the procedures enumerated below to the accompanying Appropriations Limit of the City of Lemoore, California for the fiscal year ended June 30, 2012. These procedures which were agreed to by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. This report is intended for the information of management and the City Council. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The procedures performed and our findings were as follows:

1. We obtained the computations from the City of Lemoore and determined that the limit and annual adjustment factors were adopted by resolution of the City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council.
2. For the accompanying Appropriations Limit, we added last year's limit to total adjustments, and agreed the resulting amount of this year's limit.
3. We agreed the current year information presented in the accompanying appropriations limit to the other computations described above.
4. We agreed the prior year Appropriations Limit presented in the accompanying Appropriations Limit to the prior year Appropriations Limit adopted by the City Council during the prior year.

These agreed-upon procedures are substantially less in scope than an audit, the objective of which is the expression of an opinion on the accompanying Appropriations Limit. Accordingly, we do not express such an opinion.

Based on the application of the procedures referred to above, nothing came to our attention that caused us to believe that the accompanying appropriations limit was not computed in accordance with Article XIII B of the California Constitution. Had we performed additional procedures or had we conducted an audit of the accompanying Appropriations Limit and the other completed worksheets described above, matters might have come to our attention that would have been reported to you.

CITY OF LEMOORE  
ANNUAL APPROPRIATION LIMIT CALCULATIONS **DRAFT**  
JUNE 30, 2012

**SUBJECT TO FINAL  
REVIEW AND APPROVAL  
DRAFT DATE \_\_\_\_\_**

	<u>Amount</u>
LAST YEARS LIMIT	\$15,785,268
ADJUSTMENT FACTORS:	
Population	1.0228%
Inflation	1.0251%
Total Adjustment Factors	<u>1.0485%</u>
TOTAL ADJUSTMENTS	<u>\$ 765,585</u>
THIS YEARS LIMIT	<u>\$16,550,853</u>

**Mayor**  
William Siegel  
**Mayor Pro Tem**  
Lois Wynne  
**Council Members**  
John Gordon  
Eddie Neal  
Willard Rodarmel



**Office of the  
City Manager**

119 Fox Street  
Lemoore • CA 93245  
Phone ♦ (559) 924-6700  
FAX ♦ (559) 924-9003

**To: Lemoore City Council** **Item # 5E**  
**From: Brooke Austin, Executive Secretary**   
**Date: May 2, 2013**  
**Subject: Approval – Resolution No. 2013-09 – Adoption of the National Incident Management System (NIMS)**

---

**Discussion:**

To be eligible for Federal funding, jurisdictions had to be National Incident Management System (NIMS) compliant September 30, 2006. One of the requirements was to formally adopt and implement NIMS into all emergency plans and response. In order to comply with this requirement, Council approved Resolution No. 2008-28 adopting the Kings County Multi-Agency Hazard Mitigation Plan in May of 2008. In addition, in February of 2009, the Lemoore Emergency Operations Plan was approved. Both plans implemented NIMS; however, a resolution formally adopting NIMS was not done. Therefore, the Kings County Office of Emergency Management has asked that Council approve a resolution formally adopting NIMS. The attached Resolution No. 2013-09 has been approved for that purpose.

**Budget Impact:**

None; however, this ensures the City's eligibility for Federal funding.

**Recommendation:**

That Council approve Resolution No. 2013-09 adopting the National Incident Management System (NIMS).

## **RESOLUTION NO. 2013-08**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMOORE ADOPTING THE NATIONAL INCIDENT MANAGEMENT SYSTEM (NIMS)**

At a Regular Meeting of the City Council of the City of Lemoore duly called and held on May 7, 2013 at 7:30 p.m. on said day, it was moved by Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_ and carried that the following Resolution be adopted:

**WHEREAS**, the President in Homeland Security Directive-5, directed the Secretary of the Department of Homeland Security to develop and administer a National Incident Management System, which would provide a consistent nationwide approach for federal, state, local, and tribal governments to work together more effectively and efficiently to prevent, prepare for, respond to, and recover from disasters, regardless of cause, size, or complexity; and

**WHEREAS**, California pioneered the development of standardized incident management systems to respond to a variety of catastrophic disasters, including fires, earthquakes, floods, and landslides; and

**WHEREAS**, in the early 1970s, the California fire service, in partnership with the federal government, developed the seminal emergency incident command system that has become the model for incident management nationwide; and

**WHEREAS**, in 1993, California was the first state to adopt a statewide Standardized Emergency Management System for use by every emergency response organization, and implemented a system to ensure the continual improvement of the Standardized Emergency Management System; and

**WHEREAS**, California emergency management professionals have contributed their expertise to the development of the new National Incident Management System; and

**WHEREAS**, it is essential for responding to disasters that federal, state, local, and tribal organizations utilize standardized terminology, standardized organizational structures, interoperable communications, consolidated action plans, unified command structures, uniform personnel qualification standards, uniform standards for planning, training and exercising, comprehensive resource management, and designated incident facilities during emergencies or disasters; and

**WHEREAS**, the California Standardized Emergency Management System substantially meets the objectives of the National Incident Management System; and

**WHEREAS**, the National Commission on Terrorist Attacks (9-11 Commission) recommended adoption of a standardized Incident Command System nationwide; and

**WHEREAS**, the Governor of the State of California has directed his Office of Emergency Services and Office of Homeland Security in cooperation with the Standardized Emergency Management System Advisory Board to develop a program to integrate the National Incident Management System, to the extent appropriate, into the state’s emergency management system.

**NOW, THEREFORE, IT IS HEREBY RESOLVED** as follows:

1. The City of Lemoore will integrate the National Incident Management System, to the extent appropriate, into the emergency management system.
2. The City of Lemoore will utilize the National Incident Management System which shall be consistent with the integration of the National Incident Management System and the Standardized Emergency Management System in California.
3. That a copy of this resolution is forwarded to the Governor’s Office of Emergency Services.

Passed and adopted at a Regular Meeting of the City Council of the City of Lemoore held on the 7<sup>th</sup> day of May 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

APPROVED:

\_\_\_\_\_  
William M. Siegel Jr., Mayor

ATTEST:

\_\_\_\_\_  
Kristie R. Baley, City Clerk

**CERTIFICATE**

**STATE OF CALIFORNIA )**  
**COUNTY OF KINGS ) ss.**  
**CITY OF LEMOORE )**

I, Kristie R. Baley, City Clerk of the City of Lemoore, do hereby certify the foregoing Resolution of the City Council of the City of Lemoore was duly passed and adopted at a Regular Meeting held on May 7, 2013.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Kristie R. Baley  
City Clerk

**Mayor**  
William Siegel  
**Mayor Pro Tem**  
Lois Wynne  
**Council Members**  
John Gordon  
Eddie Neal  
Willard Rodarmel



**Finance  
Department**

119 Fox Street  
Lemoore, CA 93245  
Phone (559) 924-6700  
FAX (559) 924-9003

## Staff Report

Item # 5F

**To:** Lemoore City Council  
**From:** Cheryl Silva, Finance Director *CS*  
**Date:** May 2, 2013  
**Subject:** Amendment to City Investment Policy – Change in Treasurer

---

**Discussion:**

California Government Code requires that governing bodies review and/or update the investment policy bi-annually. The required bi-annual review was presented and approved by City Council on April 2, 2013. Currently, the City Treasurer is the City Manager and the Finance Director is responsible for auditing the investments for accuracy and compliance with the investment policy. Due to the recent vacancy of the City Manager, it is being recommended that the City Treasurer function be assigned to the Finance Director. The policy has been updated to reflect that the City Treasurer will act under the direction of the City Manager. The City Manager or his or her designee will be responsible for auditing the investments for accuracy and compliance with the investment policy. Staff is recommending that the City Council accept the Investment Policy by resolution. The policy and resolution 2013-09 are attached.

**Budget Impact:**

None.

**Recommendation:**

That the City Council, by motion, adopt the attached resolution accepting the City's Investment Policy.

**CITY OF LEMOORE  
SUCCESSOR AGENCY TO THE LEMOORE REDEVELOPMENT AGENCY  
INVESTMENT POLICY**

**INTRODUCTION**

The City of Lemoore (“City”) and the Successor Agency to the Lemoore Redevelopment Agency (“Successor Agency”) has a fiduciary responsibility to maximize the productive use of assets entrusted to its care and to invest and manage these public funds wisely and prudently. The purpose of this document is to establish a prudent and systematic investment policy and to organize and formalize investment-related activities.

**POLICY GUIDELINES**

The City shall strive to maintain investment of idle funds and always be within the safety, liquidity and maximum guidelines. Idle cash management and investment transactions are the responsibility of the Finance Director serving as the City Treasurer and acting under the direction of the City Manager. The City Manager or his or her designee is responsible for auditing the investments for accuracy and compliance with the investment policy. This policy also applies to funds invested on behalf of the Successor Agency.

**SCOPE**

It is intended that this policy cover all funds and investment activities under direct authority of the City and the Successor Agency.

**OBJECTIVES:**

1. **Safety:** It is the primary duty and responsibility of the Treasurer to protect, preserve and maintain cash and investment placed in his/her trust on behalf of the citizens of the City.
2. **Liquidity:** An adequate percentage of the City’s portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary to meet disbursement requirements. Since all cash requirements cannot be anticipated, investments in securities with active secondary or resale markets are highly recommended. Emphasis should be on marketable securities with low sensitivity to market risk.
3. **Yield:** Yield should become a consideration only after the basic requirements of safety and liquidity have been met.
4. **Market-Average Rate of Return:** The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City’s risk constraints, the cash

flow characteristics of the portfolio, and the State and local laws, ordinances or resolutions that restrict investments.

5. **Diversification:** The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.
6. **Public Trust:** All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.
7. **Prudence:** The City adheres to the "prudent person rule" which obligates a fiduciary to insure that:

"Investments shall be made with judgment and care--under circumstances then prevailing--which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

### **INVESTMENT STRATEGY:**

Cash forecasting and management is the preferred investment strategy for the City. Cash management activities include accurate cash projections, the expeditious collection of revenue, the control of disbursements, cost-effective banking relations, and a short-term borrowing program, when needed, that coordinates working capital requirements and investment opportunity.

### **INVESTMENT INSTRUMENTS:**

The City's allowable investments, and the length of those investments, unless specifically limited by this policy shall be governed by Government Code, sections 53601, 53601.1 and 56345. The specific investments allowed are listed below:

- 1) Full faith and credit US Government securities, and agencies of the US Government (treasury bills, treasury notes, etc.) not to exceed five years in Maturity.
- 2) Federally sponsored credit agency securities, specifically:

Government National Mortgage Association (Ginnie Mae, GNMA), Federal National Mortgage Association (Fannie Mae, FNMA), Federal Home Loan Mortgage Corporation (Freddie Mac, FHLMC), Federal Loan Bank (FHLB) and Federal Farm Credit Banks (FFCB); not to exceed five years in maturity.

- 3) Certificates of deposit with commercial banks and savings and loans, credit unions or thrifts which are fully insured up to two hundred fifty thousand dollars (\$250,000) by the FDIC or other federal insurance program and do not exceed five years in maturity.
- 4) Commercial paper which is eligible for purchase by the discount window of the federal reserve bank (maturity of less than 180 days) and has a rating of A-1 by Moody's or P-1 by Standard and Poors.
- 5) Passbook savings account demand deposits and money market accounts insured by up to \$250,000.
- 6) LAIF - Local Agency Investment Fund demand deposits.

### **REPORTING REQUIREMENTS:**

The Treasurer shall submit a quarterly investment report to the City Council. The report shall be submitted following the end of the quarter covered by the report and will include all elements prescribed by Government Code Section 53646. Such report shall include at least the following information.

- A) Type of investment
- B) Name of institution
- C) Date of maturity
- D) Amount of deposit or cost of security
- E) Current market value of security as of the date of the report, including source of valuation, except those under LAIF
- F) Rate of interest
- G) Statement relating the report to Statement of Investment Policy
- H) Statement that there are sufficient funds to meet the City next six months' financial obligations.
- I) The accrued interest earnings fiscal year-to-date for each investment.
- J) Percent distribution of each type of investment
- K) Average weighted yield of all investment.

The Investment Policy will be reviewed bi-annually by the governing body.

**RESOLUTION NO. 2013-09**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMOORE  
ACCEPTING THE INVESTMENT POLICY FOR THE CITY OF LEMOORE**

At a Regular Meeting of the City Council of the City of Lemoore duly called and held on May 7, 2013 at 7:30 p.m. on said day, it was moved by Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_ and carried that the following Resolution be adopted:

**WHEREAS**, Government Code Section 53600, et seq. authorizes the City Treasurer to invest or reinvest City funds or to sell or exchange any securities purchased by the City and the Redevelopment Agency; and

**NOW THEREFORE, BE IT RESOLVED**, that the City Council of the City of Lemoore hereby accepts the Investment Policy for the City of Lemoore; and

**BE IT FURTHER RESOLVED** that the City Council hereby directs that the City Treasurer comply with these requirements.

Passed and adopted at a Regular Meeting of the City Council of the City of Lemoore held on the 7<sup>th</sup> day of May 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

APPROVED:

\_\_\_\_\_  
William M. Siegel Jr., Mayor

ATTEST:

\_\_\_\_\_  
Kristie R. Baley, City Clerk

**CERTIFICATE**

**STATE OF CALIFORNIA )**  
**COUNTY OF KINGS ) ss.**  
**CITY OF LEMOORE )**

I, Kristie R. Baley, City Clerk of the City of Lemoore, do hereby certify the foregoing Resolution of the City Council of the City of Lemoore was duly passed and adopted at a Regular Meeting held on May 7, 2013.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Kristie R. Baley  
City Clerk

**Mayor**  
William Siegel  
**Mayor Pro Tem**  
Lois Wynne  
**Council Members**  
John Gordon  
Eddie Neal  
Willard Rodarmel



**Office of the Mayor**  
  
119 Fox Street  
Lemoore • CA 93245  
Phone • (559) 924-6700  
FAX • (559) 924-9003

## Staff Report

ITEM  
NO. 6

**To: Lemoore City Council**  
**From: William M. Siegel, Mayor**  
**Date: May 1, 2013**  
**Subject: Review of 2013-2014 Proposed Department Budgets  
by the Budget Review Committee and Approval of  
the Recommended Cost Saving Measures**

### Discussion:

The Budget Review Committee (Budget Committee) is tasked with presenting Council with a proposed balanced budget for Fiscal Year 2013-2014. As you are aware, the City was recently required to make a one-time payout of approximately \$179,000 as severance pay to our former City Manager. Additionally, the City has ongoing costs in the amount of \$125,000 to complete the staffing levels in our Police Department, which included an increased compensation package. In an effort to recover the costs associated with these expenditures and potentially find other cost saving measures, the Budget Committee extensively reviewed every City department's proposed Budget with the main objective of providing exceptional service to our customers, the community of Lemoore. The information below identifies areas of excess, which can be immediately implemented, saving the City ongoing costs estimated at \$305,044. These cost saving measures should alleviate the necessity for cuts to other departments for the coming Fiscal Year. The community and employees can then begin to recover from any loss of confidence that may have resulted due to the change in leadership.

### **Analysis of Planning Department**

The following includes an in-depth analysis of the Planning Department's Annual Report for the 2013-2014 Budget (attached), which proposes a 15.3 percent increase in expenditures, for a total cost in excess of \$373,000.

Beginning with the Activity Statistics for planning functions performed during 2012, the Budget Committee assessed the top three ranked Planning Activities, which include Administrative Use Permits, Planned Unit Developments and Violations. The activities listed in the three categories total 324, which account for 71.5 percent of the 453 total activities performed.

According to the statistics, there were a total of 103 Administrative Use Permits issued in 2012. Included in the total are permits issued for signs, secondary dwellings, accessory building & carports, administrative use permits, minor deviations, similar use determination and other various approvals allowed by the Department. According to Planning Director, Holly Smyth, each permit averaged approximately 1 to 1.5 hours of staff time. To obtain an understanding of the level of each permit, the Committee reviewed Planning's 2012 Activity Updates (attached), which are provided to the Planning Commission and available on the City's website (for 11 of the 12 months). A breakdown of the 103 permits listed is shown in the following results:

- 49 - Various sign approvals, denials, letters and sign information sent
- 12 - Fireworks stand approvals
- 11 - Administrative reviews for storage sheds, room additions, carport, second dwelling units, church office, and elevation amendment

A total of 80 Planned Unit Developments (PUDs) Individual Plot Plan Reviews/changes were approved. According to Director Smyth, a separate review is performed for every housing unit on every lot, and the typical review time for each takes approximately one hour or less.

The highest level of activity was for the issuance of 141 Violations. According to Director Smyth, each violation takes approximately 15 minutes or less to perform. As listed in the Activity Update, violations were issued for the removal of banners, failure to submit a sign application, removal of non-conforming signs, location of A-frame signs, flashing signs, maintenance of signs, speed of animated signs, fence location, removal of canopy, extension/removal of POD storage containers, construction without a permit and dying landscape at businesses.

The Activities Statistics table can be found in the attached Annual Report. It should be noted that some of the items listed in the Activity Updates were difficult to determine which activity they were assigned to in the Activity Statistics table, because they were not necessarily placed within the same category.

In addition to the Statistics, the Budget Committee reviewed the Planning Department's Goals and Objectives for the upcoming year. An assessment of staff's involvement for each activity is noted within the parenthesis:

- **Invigorate the Department with a renewed sense of customer focus to serve all customers professionally, accurately and in a timely fashion in coordination with the Public Works and Building Department staff.**

*Note: No additional staff time required.*

- **Implement a feedback tool to help report on the effectiveness of delivering development services so that improvements may be made to be more business friendly.**

*Note: The City Manager's Office should solicit feedback from developers to eliminate the potential for persuasion by the Planning Department's staff and to make sure that the feedback presented is not compromised.*

- **Update planning fees in conformity with 2012 Zoning Code processes to insure that fees do not overcharge or undercharge for the services rendered.**

*Note: Updating fees is a process performed in the City Manager's Office. No staff time is required of the Planning Department.*

- **Recommend modifications to the 2012 Zoning Code through Ad-Hoc Committees and Planning Commission research, discussions, and public hearings.**

*Note: Council has requested that these recommendations come from the Planning Commissioners based on feedback from the business community. Staff is not to make the recommendations. They are to set up meetings and provide information and assistance when asked. Staff time for this activity will be minimal.*

- **Update the General Plan Circulation Element to re-evaluate potentially unnecessary "Planned Improvements to Accommodate Buildout" list in order to reduce overall developer impact fees and utilize free KCAG traffic consultant to keep traffic modeling costs down.**

*Note: The Planning Department included a one-time cost of \$20,000 in the proposed budget to pay the City Engineer to provide this service. Staff time should be minimal.*

- **Provide support to Public Works Department during the revisions to the Public Works Standards book as needed to insure conformity with the General Plan and Zoning Code.**

*Note: Public Works does not anticipate performing this function this year. No staff time required.*

- **As time and funding are available, cleanup the City's GIS mapping system to eliminate duplicate files, simplify the archive file system, and train staff to be able to start producing some GIS maps and be able to provide street maps to the public.**

*Note: GIS mapping services are currently performed by Quad. However, it may be contracted out to the County for \$5,000 per year.*

- **Work with Kings County Association of Governments (KCAG) on long-range planning as it relates to Lemoore:**
  - **Countywide Climate Action Plan funded through Proposition 84 round 1 grant funds to reduce the potential impacts of having a plan dictated by the regional government to retain local land use control.**

*Note: This grant is being administered through KCAG. The City of Lemoore is allocated up to \$10,997 of grant funds to pay for staff time, which can also be used to pay Quad to perform such services.*

- **Provide information, input, review, and participation into the Regional Housing Needs Assessment (RHNA) required by the State of California, so that Lemoore is not dictated an allotment by the regional agency without representation and help retain grant eligibility.**

*Note: Our Housing Specialist will provide the required information and participate if needed.*

- **Provide information, input, review, and participation into the Sustainable Community Strategies (SCS) Plan as part of the Regional Transportation Plan (RTP) process required by the State, so that Lemoore retains its local land use authority and remains eligible for grant funding which is tied to these plans which are anticipated to be adopted by June 30, 2014.**

*Note: Quad will perform this process if needed.*

- **Should Walmart want to move forward, continue to work with consultants to complete Walmart Environmental Impact Report and get to public hearings.**

*Note: Walmart has pulled this project and the property is for sale. If it gets resurrected, Quad can provide the required information.*

## **Planning Department Staffing Costs**

The Planning Department currently functions with two full-time employees – a Planning Director, an Assistant Planner, and a part-time Planning Technician. The 2012-2013 adopted Budget reflects expenditures for salaries and benefits for the three positions totaling \$222,954. However, the projected cost presented to the Budget Committee for the same year estimates salaries and benefits exceeding the budgeted amount for a total of \$226,776. The change is reflected as an increase to the part-time position.

The Department Request for 2013-2014 proposes that the part-time position be converted to a full-time employee for a total salaries and benefits amount of \$259,906. In 2006, when development was booming and the economic meltdown had not yet occurred, the Planning Department's budget for salaries and benefits was a total of \$240,264 for a Planning Director, two Assistant Planners and \$25,000 for part-time. Since that time, the number of activities requiring substantial amount of time to process have declined significantly. The staff time to perform them should have decreased instead of continually increasing.

## **Elimination of Planning Department and Replacement of Services**

In an effort to achieve the maximum savings for the City and the community of Lemoore, I am recommending that the Planning Department be eliminated effective immediately, which will yield ongoing annual savings estimated at \$243,000. This estimate was derived by taking the Planning Department's proposed budget for Fiscal Year 2013-2014 (est. \$373,000) and subtracting the estimated cost the City will incur to outsource the planning functions (est. \$130,000). Additionally, there is a one time budget adjustment necessary for accrual of vacation time in the amount of \$3,906.60.

Based on statistics and forecasted work-load, approximately 400 technical planning hours will be required next Fiscal Year. To best serve our customer's needs, these technical services can be performed by our City Engineer, Quad Knopf. Quad Knopf is prepared to send a trained planning representative to provide counter assistance at the CMC. Based on the estimated planning hours necessary to perform the more technical activities, a representative from Quad Knopf would be available onsite three days per week (Monday, Wednesday, and Friday) from 8 am to 12 pm (12 hrs/week). An additional eight hours per week will be required for offsite technical review and preparation/attendance for one Planning Commission meeting per month. This outsourcing translates to approximately \$100,000 (20 hrs/week X 50 weeks X \$100/hr), which will be added to the Public Works Department Budget. Staff is seeking other proposals, and believes that the cost will be at or below \$100 per hour. Fees generated for the anticipated planning activities are estimated at \$25,000 for Fiscal Year 2013-2014.

Additionally, an estimated \$30,000 will be required to overhaul the zoning code. The code will be designed for ease of use and greater efficiency in order to meet the needs of our community, unlike the newly adopted code, which is difficult for staff and the public to understand. Our goal is to implement more of a "cookie cutter" approach that will be easily understood by the development community and ultimately reduce staff time in performing the associated tasks. An example of such code will be presented to the Planning Commission for review at an upcoming meeting. My expectation is that the Commission will recommend an adoptable update to Council within four months, which will include, at a minimum, the following six sections:

- Fees associated with each type of action
- Application for action
- Design Standard Guidelines
- Sign Ordinance
- Planning and entitlement fees
- Basic zoning requirements

It is understood that a certain amount of in-house services will still need to be performed. In the absence of the Planning Department, a new system will be temporarily implemented. Oversight of planning functions will be assigned to the Public Works Director with the assistance of the Project Manager. To perform the basic clerical duties associated with planning functions, a current full-time Office Assistant will be relocated to the Cinnamon Municipal Complex (CMC) and assigned to the Public Works Department. This employee will be transferred from another department and will not increase the City's overall Budget.

Several other activities associated with business development are being performed by other departments, such as, issuing business licenses, economic development activities, and building inspections. These functions will continue to be performed. However, to better serve our business community, all of the activities listed will be performed at the CMC, which will provide a convenient One-Stop Shop for our customers.

#### **Position of Code Enforcement Officer**

The position of Code Enforcement Officer is another area for potential savings. Beginning in 2006, the position of Code Enforcement Officer was assigned to and paid out of the Redevelopment Division. With the dissolution of redevelopment in California, the funding source for this position is no longer available. The ongoing cost to the City to maintain this position is \$69,650, which includes a \$500 per year uniform allowance. There is a one time budget adjustment necessary for accrual of vacation time in the amount of \$5,867.32. In addition to property maintenance, shopping cart abatement and vehicle abatement, the Code Enforcement Officer provides weed abatement field services for the Lemoore Volunteer Fire Department, of which, 11 percent of the salary (\$7,606) is budgeted to that department. This expenditure for weed abatement will remain a cost to the City and the duties will transfer elsewhere.

The Budget Committee has reviewed this position, and although there is a benefit to the City to maintain a full-time Code Enforcement Officer, cuts are necessary in order to present a balanced budget and to effectuate ongoing savings. I am recommending the elimination of the position and transferring the duties to the Police Department to be performed by the Community Service Officer. Prior to 2006, these duties were a function of the Police Department and the Fire Department had its own part-time clerical employee, who also performed weed abatement. The savings from eliminating this position totals \$62,044.

### **Total Savings to City**

The combined savings achieved by eliminating the Planning Department and the Code Enforcement Officer is estimated at \$305,044. Identifying these areas where cuts can be made with little to no reduction in services to our community provides immediate security for all other City employees for the coming fiscal year. Additionally, it provides for the recovery of costs associated with bringing our police force to complete staffing levels with the approved satisfying compensation package, and it provides for the recovery of a large portion of the approximately \$179,000 in severance pay associated with the resignation of our former City Manager. It is important to act now in order to provide 60 days' notice to affected employees. By acting now, the cost savings will be enjoyed for the entire 2013-2014 fiscal year. City Council, the Planning Commission, City staff, and the community of Lemoore can be assured that the proposed changes will not hinder the City's ability to service our community efficiently and professionally.

### **Budget Impact:**

Vacation-time accrual payout of \$9,773.92.

Ongoing savings to the General Fund is estimated at \$305,044.

### **Recommendation:**

I recommend the Council approve the immediate elimination of the Planning Department including all staff, the immediate elimination of the position of the Code Enforcement Officer; and that the Acting City Manager be directed to immediately begin implementing

the staffing transfers necessary to provide exceptional service to the community of Lemoore, as set forth in this staff report.

The Planning Department is responsible for all long and short range City planning functions and the Director serves as Secretary to the Planning Commission, providing professional advice on planning items to the Planning Commission and City Council. The Planning staff also prepares other non-planning staff reports as directed by the City Manager or for the Cross Valley Rail Corridor Joint Powers Authority as needed. Planning administers and helps prepare updates to the Zoning and Subdivision Ordinances, prepares the General Plan Annual Report to the State, conducts General Plan conformity analysis for City budgets related to capital projects, site plan reviews, agricultural land cancellations, landscape plan review and approval, preliminary site plan review, vacating streets and easements when needed, and has been involved in the below listed activity areas shown under statistics and land use policies of the City. The Department staff also oversees the work of various consultants and provides various support services to other City Departments regarding interpretation of various Municipal Code Sections, and limited GIS mapping services.

The seven-member Planning Commission is charged with the review of planning and development within the City to assure that development is consistent with City policy and is in the best interest of the City. The Planning Commission renders advice on policy decisions regarding the growth of the City through the General Plan and the Zoning Ordinance. Under the new 2012 Zoning Code, Commissioners are also responsible to review design plans and drawings subject to architectural design review process within Historic Downtown. Planning Commissioners are appointed to serve four-year staggering terms. The Planning Commission meets at 7:00 p.m. on the second and fourth Monday of each month.

#### GOALS AND OBJECTIVES

- ◆ Invigorate the Department with a renewed sense of customer focus to serve all customers professionally, accurately and in a timely fashion in coordination with the Public Works and Building Department staff.
- ◆ Implement a feedback tool to help report on the effectiveness of delivering development services so that improvements may be made to be more business friendly.
- ◆ Update planning fees in conformity with 2012 Zoning Code processes to insure that fees do not overcharge or undercharge for the services rendered.
- ◆ Recommend modifications to the 2012 Zoning Code through Ad-Hoc Committees and Planning Commission research, discussions, and public hearings.
- ◆ Update the General Plan Circulation Element to re-evaluate potentially unnecessary “Planned Improvements to Accommodate Buildout” list in order to reduce overall developer impact fees and utilize free KCAG traffic consultant to keep traffic modeling costs down.
- ◆ Provide support to Public Works Department during the revisions to the Public Works Standards book as needed to insure conformity with the General Plan and Zoning Code.
- ◆ As time and funding are available, cleanup the City’s GIS mapping system to eliminate duplicate files, simplify the archive file system, and train staff to be able to start producing some GIS maps and be able to provide street maps to the public.
- ◆ Work with Kings County Association of Governments (KCAG) on long-range planning as it relates to Lemoore:
  - Countywide Climate Action Plan funded through Proposition 84 round 1 grant funds to reduce the potential impacts of having a plan dictated by the regional government to retain local land use control.
  - Provide information, input, review, and participation into the Regional Housing Needs Assessment (RHNA) required by the State of California, so that Lemoore is not dictated an allotment by the regional agency without representation and help retain grant eligibility.
  - Provide information, input, review, and participation into the Sustainable Community Strategies (SCS) Plan as part of the Regional Transportation Plan (RTP) process required by the State, so that Lemoore retains its local land use authority and remains eligible for grant funding which is tied to these plans which are anticipated to be adopted by June 30, 2014.

- ◆ **Should Walmart want to move forward, continue to work with consultants to complete Walmart Environmental Impact Report and get to public hearings.**

**ACTIVITY STATISTICS – by calendar year for 2013-14 Fiscal Year Budget**

<u>Planning Activities</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Alcohol, Beverage Control Determination	2	0	0	1	1
Architectural Design Review Approvals	9	3	9	2	1
Administrative Use Permits <sup>1</sup>	56	47	65	69	103
Administrative Review for Semi-Permanent	0	1	2	1	0
Mobile Food Vendors					
Categorical Exemptions	25	14	20	22	8
Certificate of Compliance	0	1	0	0	1
Conditional Use Permits	4	3	1	1	4
Design Review under GP Policy COS137	0	1	0	0	0
Environmental Impact Assessments	5	6	5	3	1
Extensions (inc. AB 208 ext & CC ext. in 2011)	9	7	9	21	3
Final Maps	1	0	1	5	4
Flood Hazard Development Permits	0	0	0	0	0
General Plan Amendments (minor by dvlprs.)	2	1	2	0	2
GIS maps, analysis, or Sketch-up diagrams		90	100	0	0
Home Occupations	16	13	17	19	20
Large Daycare	0	4	0	1	0
Lot Line Adjustments	1	1	0	2	1
PC Resolutions of the City of Lemoore	0	7	16	15	20
PUDs (master designs subdivision, preplots, & staff report)	0	0	1	3	2
PUD Individual Plot Plan Reviews/changes	20	15	14	17	80
Preliminary Site Plan Review (began 2005)	18	2	0	1	2
Site Plan Review (Minor & Major) <sup>2</sup>	16	10	7	10	14
Special Zoning Exceptions	1	0	0	0	1
Tentative Parcel Map	6	1	1	2	0
Tentative Subdivision Maps (excludes PUD)	0	0	0	0	0
Vacating/Dedicating Easements or Streets	1	2	6	10	1
Variance (Major & Modifying Sign applicability)	1	0	2	0	8
Violations	<sup>3</sup>	<sup>3</sup> 8	26	75	141
Zone Amendments (Text/Map Changes/Prezones)	1	6	3	4	5
Zone Clearance <sup>4</sup>					30

*Footnotes:*

*1 - Includes signs, secondary dwellings, accessory building & carports, administrative use permits, minor deviations, similar use determination and other various approvals allowed by the dept.*

*2 - Includes highway-oriented signs, multi-family complexes, temporary use permits, & zoning interpretations*

*3 - RDA code enforcement generally handled all violations, since 2010 various department now handle code enforcement related to their sections of the Municipal Code*

*4 - Includes no-cost review/approval to verify meeting standards for height and setbacks for accessory buildings, downtown painting, written zoning info, assigned addresses, zone clearance, business license review, landscape approvals, and civil approvals*

**FULL-TIME POSITION ALLOCATION:**

<b>Full-Time Staff</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14 Request</b>
Planning Director	1.00	1.00	1.00	1.00	1.00	1.00
Associate Planner	1.00**	0				
Assistant Planners	2.00	2.00***	1.00	1.00	1.00	1.00
Planning Tech	0	0	0	0	0	1.00
<b>Total FT Positions</b>	<b>4.00</b>	<b>3.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>3.00</b>
<b>Part-Time Staff (Full time equivalent)</b>						
Planning Tech PT	0	.90	.80	.80	.60	0
Office Assistant II	1.0	0	0	0	0	
<b>Total FTE Positions</b>	<b>1.00</b>	<b>.9</b>	<b>.80</b>	<b>.80</b>	<b>.60</b>	<b>0</b>
<b>Full-Time Equivalent</b>	<b>5.0</b>	<b>3.9</b>	<b>2.8</b>	<b>2.8</b>	<b>2.6</b>	<b>3.00</b>

### Planning Commentary Continued:

The staff has been heavily involved in the following major projects not listed in the Activity Statistics during the 2012/2013 fiscal year:

- ◆ Created all new planning application forms to conform to the new 2012 Zoning Ordinance and new broiler plates for various staff reports for entitlements.
- ◆ Provided input and coordinated preliminary engineering discussion on the floor plan layout for the CMC office renovation.
- ◆ Reviewed and prepared staff reports for 184 unit gated apartment complex.
- ◆ Processed a pre-zone application and assisted with LAFCO annexation process of a 185-acre Newton property between Highway 41 and 19<sup>th</sup> Ave. down to Jackson Ave.
- ◆ Worked with Kings County Association of Governments (KCAG) and other Kings County jurisdictions on the Countywide Climate Action Plan funded through Proposition 84 round 1 grant funds.
- ◆ Worked with KCAG traffic consultant to start analyzing potential reductions in traffic improvements and their impact to the Levels of Service
- ◆ Worked with the San Joaquin Valley Metropolitan Planning Organizations Proposition 84 Grant that provided Circuit Planners to carry out planning work products that could enhance Blueprint Smart Growth principles. In Lemoore they create two conceptual mixed use project layouts for two mixed-use locations.
- ◆ Walmart Environmental Impact Report put on hold.

This year's proposed Planning Department budget shows an overall increase in recurring expenses from the originally approved \$302,153 in FY 2012-13 (which was adjusted downward during mid-year adjustments to \$290,268) to \$348,372 or a \$46,219 increase (equating to a 15.3% increase). This is predominately due to proposed changes in staffing due to increasing work loads and anticipated grant administration activity, as well as increased professional contract services for engineer work to assist with right-of-way legal descriptions instead of being provided by businesses.

In the 2012/13 fiscal year only 24 hours a week were provided for the planning technician staff, which reduced customer service, lengthened application processing periods, and caused some large scale projects to not move forward due to minimal counter coverage. Approximately \$22,251 of the proposed increase is for salaries, which automatically include potential merit increases. Most of this cost is caused by requesting that the part-time Planning Technician be moved to a full time 40 hour per week position. This position is critical to one-stop customer service at CMC and is highly specialized in the planning profession and difficult to replace given the current "part-time" status. An additional \$10,747 of the increase is due to increases in benefits for full-time staff (based on normal inflationary expenses rising) as well as making a .60 full-time employee equivalent a full-time employee. With development applications still on the rise and existing and anticipated grant administration growing, the Planning Department may no longer be able to meet developer/business expectations, keep up with required reporting requirements of the grants, and meet the new expectations of City Council to improve customer service.

Much of the remaining increase is in professional contract services to pay for additional City engineering services to draft legal description documents when right-of-way or public utility easements are needed by the City as part of a development project. Most small businesses have a difficult time obtaining a licensed engineer to prepare dedication documents. This shift of work to the City from the developer/business owner is more business friendly and fair.

The chart below shows the percentage increases and decreasing of the ongoing department budget over the past five years.

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
-						
FT Personnel	\$241,602	\$200,796	\$149,474	\$139,073	\$146,952	\$189,573
PT Personnel ongoing	\$30,725	\$30,725	\$25,000	\$20,370	\$20,370	\$0
PT Personnel one-time	\$0	\$0	\$10,000	\$4,000		
Benefits	\$85,679	\$68,227	\$55,777	\$53,846	\$57,517	\$70,333
Maint & Operating ongoing	\$147,384	\$82,652	\$65,301	\$73,100	\$77,314	\$88,466
Maint. & Operating one-time	\$218,262	\$235,000	\$161,000	\$41,578	\$1,100	\$25,000
Capital Outlay	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total ongoing</b>	<b>\$505,390</b>	<b>\$382,400</b>	<b>\$295,552</b>	<b>\$286,389</b>	<b>\$302,153</b>	<b>\$348,372</b>
Total One-time	\$218,262	\$235,000	\$171,000	\$45,578	\$1,100	\$25,000
Grand Total	\$723,652	\$617,400	\$466,552	\$331,967	\$303,253	\$373,372
Decrease/increase in ongoing budget	14.24%	-24.34%	-22.71%	-3.10%	5.50%	15.30%

Requested one-time costs equate to \$25,000. The largest portion of this is \$20,000 for City Engineer services to update the General Plan Circulation Element to re-evaluate potentially unnecessary “Planned Improvements to Accommodate Buildout” list in order to reduce overall developer impact fees and utilize free KCAG traffic consultant to keep traffic modeling costs down. In order to update these a supporting traffic analysis document must be included. Another \$3,000 in one-time costs are to replace 2 of the departments computers that have started to give out and are over 7 years old. The remaining \$2,000 is for ergonomic office equipment identified by risk control manager from Bickmore Risk Services (as part of the RMA cost avoidance measure).

Offsetting increases in revenues from grant funds can help offset some of the increases listed above. The exact dollar amounts which will occur in the new fiscal year are not fully known. However, the Climate Action Plan grant being administered by Kings County Association of Governments (KCAG) has up to \$10,997 earmarked for City of Lemoore staff review and participation, and is dependant upon staff time actually spent on the project. Community Development Block Grant funds will not be made known until the awards are announced in July. Should one or all three be awarded, an additional \$67,200 for the Senior Rehab project, \$27,600 for the business assistance program and \$3,100 for the incubator project could be available for grant administration activities over one to two-year grant period.

Mayor  
Willard Rodarmel  
Mayor Pro Tem  
John Plourde  
Councilmembers  
John Gordon  
John Murray  
William Siegel



Planning  
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**LEMOORE**  
CALIFORNIA

Item 5

**Planning Commission Staff Report**

**To: Lemoore Planning Commission**  
**From: Holly Smyth, Planning Director**  
**Period: December 29, 2011 through January 23, 2012**  
**Subject: Activity Update - items not on Planning Commission or City Council agendas**

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**Administrative Approvals / Administrative Site Plan Review**

None

**Home Occupations**

- Major Home occupation for Efrain Solorio – Home Office for Mobile Auto repair at 1405 Pine Dr.

**Signs**

- 
- Approval for Manuel Guzman – 317 S. Lemoore for Tee Shot Golf Shop
- Letty Angulo – 142 W. 'D' Street for Tropicana Asian Market
- Letter reminding business at 819 Bush Street to remove banner
- Letter reminding business at 224 W D Street to remove banner
- Letter reminding business at 850 W D Street to remove banner
- Letter reminding business at 142 W D Street to remove banner
- Letter reminding business at 877 W D Street to remove banner
- Letter reminding business at 358 'D' Street to remove non-conforming freestanding sign
- Letter reminding business at 230 Fox Street to remove banner
- Letter reminding business at 450 'D' Street to remove or submit an application for freestanding sign

**Plot Plan Review**

- Lot 10 Tract 791 East Village
- Lot 11 Tract 791 East Village
- Lot 20 Tract 791 East Village
- Lot 21 Tract 791 East Village

**Violations**

- Master Storage – 1305 Iona Ave. – U Haul trucks parked on street
- Karol Cooper – 55 E. 'D' Street – Potential piercing reported, not allowed in CUP

**PLANNING COMMISSIONERS**

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Item 6

## Planning Commission Staff Report

**To:** Lemoore Planning Commission  
**From:** Holly Smyth, Planning Director *MS*  
**Period:** January 24, 2012 through February 8, 2012  
**Subject:** Activity Update - items not on Planning Commission or City Council agendas

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### Meetings / Events

- January 25<sup>th</sup> JLUS Policy Committee meeting
- February 2<sup>nd</sup>, meeting with Darin Vogt for potential Apartment project east of Fresh and Easy

### Administrative Approvals / Administrative Site Plan Review

- Fastrip – 775 N. Lemoore Ave. – Amendment to beer cave elevation

### Home Occupations

- Home occupation for John Taylor – Home Office - Bookkeeping for his Information Technology Consulting business at 702 Cambria Court

### Signs

- Approval for Manuel Guzman – 317 S. Lemoore for Tee Shot Golf Shop
- Approval for Letty Angulo – 142 W. 'D' Street for Tropicana Asian Market
- Approval for Jesus Gonzalez – 226 Heinlen Street
- Approval for Emily's Deli – 150 E. Hanford-Armona Rd.

### Violations

- Paulo / Johnson – 358 'D' Street -removal of non-conforming freestanding sign
- Jones Bodyshop – 224 'D' Street – removal of banner
- Pure Drink – 130 'C', Hanford – Armona Rd. – removal of banner
- Deborah Carolan – 18767 King Ave. – Maintenance of real estate sign
- Country Waffles – 75 W. Hanford-Armona Road – removal of banner
- Income Tax Business – 75 W. Hanford-Armona Road – removal of large balloon
- Burger Stop – 102 Larish Street – Spoke to them regarding location of A-frame
- Bacome Insurance – 361 'D' Street – removal of banner
- Kaposh – 130 A Hanford – Armona Rd. – Letter regarding removal of Banner

### Assigned Addresses

335 Cinnamon Dr. – 80 Units – Units #101-#172 and #253-260 for Cinnamon Villas

### Other

- Attached January 2012 Building Department Reports
- Attached 2011 Summary Building Report

### PLANNING COMMISSIONERS

Chairperson – Ronald E. Meade Vice-Chair – Jeff Garcia  
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**LEMOORE**  
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Item 7

**Planning Commission Staff Report**

**To: Lemoore Planning Commission**  
**From: Holly Smyth, Planning Director**  
**Period: February 9, 2012 through March 8, 2012**  
**Subject: Activity Update - items not on Planning Commission or City Council agendas**

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**Meetings / Events**

- February & March had multiple meetings on the Cinnamon Municipal Complex Renovation project
- February 16<sup>th</sup> Architectural Design Review Meeting for Jay's Construction new office building at 25 "C" Street
- February 24 Cross Valley Rail Corridor Joint Powers Authority meeting
- March 1 meeting with Council members Gordon and Siegel on Proposed Zoning Code
- Upcoming Planners Institute & Mini Expo on March 20<sup>th</sup>-22<sup>nd</sup>

**Administrative Approvals / Administrative Site Plan Review**

- Jay's Construction – 25 'C' Street

**Home Occupations**

None

**Signs**

- The Bodyshop / Kevin Jones - 224 'D' Street – Permanent wall sign
- Pet Store moved and changed management / Adam Alkurdi - 55 E. 'D' Street – Permanent wall sign
- Diocese of Fresno - wall sign for Saint Peters Church on Lemoore Avenue
- Flouresco Signs - 155 W Hanford-Armona Road - wall sign for Emily's Deli
- Motivational Systems- subdivision signs for new Wathen Castanos subdivision on "D" Street
- City of Lemoore – Temporary Indoor Soccer signage in front of Cinnamon Drive facility

• **Violations**

- Nora's Tax Service 449 W. 'D' Street – Banner time frame
- O'Reillys Auto Parts 1060 N. Lemoore Ave. – Vertical Banner time frame
- Guzman, Manuel 317 S. Lemoore Ave. – T-Golf Banner time frame
- Carlos Sigala 102 Larish Street – 2 Banners past time frame at the Burger Stop
- Kapoosh 130 #A E. Hanford-Armona Road – Banner time frame
- Simply Serenity 55 E. 'D' Street, Suite J – Unapproved signage
- Roza's Jewelers – 302 W 'D' Street – Banner Violation on time frame
- Lucy's Hair Studio – 130 W. 'D' Street – Sign Violation – Falling apart sign
- Robert Scoggins – 650 W. 'D' Street – Vertical Banner not 15' behind curb
- Miguel, Bill – 357 West 'D' Street - Scrolling animated signage needing to slow down

**PLANNING COMMISSIONERS**

Chairperson – Ronald E. Meade Vice-Chair – Jeff Garcia  
David Brown, Bob Clement, Sharon Kendall, Jim Marvin, Bill Wynne

**Assigned Addresses**

- 699 E. 'D' Street – for PG & E power

**Plot Plan Review**

- Lot 55 Silva Estates #10
- Lot 15 Silva Estates #10
- Lot 8 Tract 791 Wathen Castanos
- Lot 22 Tract 791 Wathen Castanos
- Lot 9 Tract 791 Wathen Castanos
- Lot 2 Tract 791 Wathen Castanos

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Item 7

**Planning Commission Staff Report**

**To: Lemoore Planning Commission**  
**From: Holly Smyth, Planning Director**  
**Period: March 9, 2012 through April 15, 2012**  
**Subject: Activity Update - items not on Planning Commission or City Council agendas**

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**Meetings / Events**

- American Planning Association National Conference in Los Angeles from April 14-17, 2012

**Home Occupations**

None

**Signs/ Sign Modifications**

- Jay's Construction Inc. – 25 'C' Street – moving to 'C' Street location requesting sign modification to keep the Jay's Construction sign as a wall sign.
- Letter and Sign Information sent to new business "Simply Serenity" at 55 E "D" Street.
- Letter and Sign information sent to new business "Signatures" at 329 Heinlen Street.
- Sign application for 1148 N. Lemoore Avenue "Family Dollar" not allowed per size regulations at this location.
- Sign application for 140 'C' Street submitted by J. Blaine as freestanding/pole signs not allowed in the PO zone district.
- Letter to Check into Cash at 1122 N. Lemoore Avenue regarding 30 day removal of vertical banner
- Letter to O'Reilly's Auto Parts at 1060 N. Lemoore Avenue regarding 30 day removal of banner
- Simply Serenity window sign approval at 55 East "D" Street Suite L.
- Spoke to New Day Spay owner at 222 Heinlen Street regarding banner regulations and asked that he correct the banner as it is hanging on one side.
- Denied wall sign for 314 Heinlen Street for new business called La Fiesta Tortilleria. (box sign in downtown area not allowed)

**Architectural Design Review Committee**

- Jay's Construction – new site 25 'C' Street

**Violations**

- County Waffles at 75 W. Hanford-Armona Rd. – Banner hanging on the rear of building
- 899 Monaco – courtesy call to resident for business sign hanging off garage door
- Courtesy visit to 150 E. Hanford-Armona Road (Emily's Deli) to discuss vertical banner or temporary signage regulations. (requested that one vertical banner be removed and the other moved 15' behind curb to conform to sign regulations for CC zone district)
- Spoke with Winnie owner of 405 West "D" Street regarding canopy on east side of building that needs replacing/upkeep. Wants to remove canopy and replace with carport.
- Country Club Apartment on Blake Street violation to repair sign in median.

**PLANNING COMMISSIONERS**

Chairperson – Ronald E. Meade Vice-Chair – Jeff Garcia  
David Brown, Bob Clement, Sharon Kendall, Jim Marvin, Bill Wynne

**Assigned Addresses**

None



**Plot Plan Review**

- Lot 6 Tract 791
- Lot 23 Tract 791
- Lot 24 Tract 791
- Lot 12 Tract 791
- Lot 7 Tract 791
- Lot 19 Tract 791
- Lot 3 Tract 791
- Lot 4 Tract 791
- Lot 5 Tract 791
- Lot 26 Tract 791
- Lot 86 Tract 817 Phase III
- Lot 102 Tract 817 Phase III
- Approved new house Plan 204M for Tract 817 Phase III
- Lot 1 Tract 791
- Lot 28 Tract 791
- Lot 29 Tract 791
- Lot 30 Tract 791

**Administrative Site Plan Review**

- Jones Collision Center – 113 'E' Street – waiting room addition

**Other**

- Attached March 2012 Building Department Reports
- Attached March 2012 Building month end report – Issued Permits

Mayor  
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**Item 6**

## **Planning Commission Staff Report**

**To: Lemoore Planning Commission**  
**From: Holly Smyth, Planning Director**  
**Period: April 16, 2012 through May 9, 2012**  
**Subject: Activity Update - items not on Planning Commission or City Council agendas**

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### **Meetings / Events**

- Reminder of the Planning Commissioners Workshop occurring Friday May 18, 2012 in Visalia

### **Home Occupations**

- Home Occupation for Dane Raven to conduct a home office at 304 W. Spring Lane for a lawn maintenance business.
- Home Occupation for Michael Allen to conduct a home office at 26 Washington Drive for his music business
- Home Occupation for Josue Garcia Orozco to conduct a home office at 457 Warren Drive for his web design and web hosing service.

### **Signs/ Sign Modifications**

- Institutional wall sign for St. Peter's Church on Lemoore Avenue
- La Fiesta Tortilleria sign for building at 314 Heinlen Street approved
- 7-11 sign application packet for Bush Street returned as incomplete

### **Architectural Design Review Committee**

- As of May 18, 2012, design review is assign to the Planning Commission

### **Violations**

- Letter to Periera's Jewelers at 335 D Street regarding 30 day removal of banner
- Letter to Ramblin Rose at 242 Heinlen Street regarding removal of banner and one A-Frame
- Letter to Thai Day Spa at 222 Heinlen Street regarding 30 day removal of banner
- David Hernandez at 106 W. Bush Street regarding removal of POD/storage container.
- Called and spoke to Andy at Red's Roofing in Hanford regarding removal of off-site signs located on Iona Avenue, Lemoore Avenue and Hanford-Armona Road properties.
- Letter to Vineyard at 819 Bush Street regarding 30 day removal of banner
- Rocky's Donut at 254 N. Lemoore Avenue regarding the removal of an onsite Insurance Sign located on the front portion window of their business.
- O'Reilly's at 1060 Lemoore Avenue regarding removal of the banners up over 30 days.
- Letter to Las Grulles at 55 "D" Street regarding the removal of banners, signs, and other advertising on the front area of their business and also over coverage of window signage.
- Letter to D. Hernandez regarding extension granted to the remove POD/storage container on May 15, 2012.
- Letter to Thai Day Spa regarding extension granted to have banner at 222 Heinlen Street up until May 25, 2012 and formal sign application submitted prior to this date.

### **PLANNING COMMISSIONERS**

*Chairperson* – Ronald E. Meade *Vice-Chair* – Jeff Garcia  
David Brown, Bob Clement, Sharon Kendall, Jim Marvin, Bill Wynne

### **Assigned Addresses**

None

### **Plot Plan Review**

- Review Lot 1 modified fence for Wathen Castanos Tract 791
- Review Lot 26 modified fence for Wathen Castanos Tract 791
- Review Lot 32 Tract 791 Wathen Castanos
- Review Lot 45 Tract 791 Wathen Castanos
- Review Lot 25 Tract 791 Wathen Castanos
- Returned for corrections plot plan for Lot 32 Tract 791 Wathen Castanos
- Returned for corrections plot plan for Lots 21, 26, 28, 29, and 30 Tract 783 Country Club Villas II

### **Administrative Site Plan Review**

- City of Lemoore 711 Cinnamon Drive - Carport /Canopy
- John Gibson - 662 B Street – second dwelling unit

### **Other**

- Attached April 2012 Building Department Reports Summary
- Attached April 2012 Building month end report – Issued Permits

*Mayor*  
Willard Rodarmel  
*Mayor Pro Tem*  
John Flourde  
*Councilmembers*  
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**LEMOORE**  
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Item 6

**Planning Commission Staff Report**

**To: Lemoore Planning Commission**  
**From: Holly Smyth, Planning Director** *HS*  
**Period: May 10, 2012 through June 18, 2012**  
**Subject: Activity Update - items not on Planning Commission or City Council agendas**

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**Plans**

- Updated pages of the Zoning & Development Code with grammar or internal consistency conflicts pointed out by the codifier Sterlings and resolved per the intent of the overall Ordinance (replacement pages provided herein)
- Updated pages of the General Plan Amendment from Spring time adoption (replacement pages provided herein)

**Meetings / Events**

- Planning Commissioners Workshop - Friday May 18, 2012 in Visalia (update from Dave Brown)

**Home Occupations**

- Josue Garcia Orozco - 457 Warren Drive - web design and web housing service
- Paul Homan - 330 Seminole Way - online booking of HHG'S shipments on D.O.D.
- Ryan Murphy - 505 West Gate Place - office for online sales of clothing.
- John Grafton - 333 Cinnamon Dr., Apt 295 - dispatching of his jobs
- Ted A. Johnston - 133 Hamlet Street - Private Investigation business
- Clara A. Jones - at 333 N. Olive Street, #17, - office for Avon business
- David W. Jacobs - 1477 Persimmon Street - online sales of auto products
- Eric Minor - 417 Bush Street - office for lawn care service
- Brian Moreno - 1514 Cedar Ave - office for his electrical company
- Stephen J. Woodcock, Jr. - 721 Madrid - office for his pool service

**Signs/ Sign Modifications**

- 7-11 sign application packet for wall signs at 1790 W. Bush Street
- St. Peters Church - sign application for wall sign at 870 Lemoore Avenue
- Rena's Mexican Restaurant - sign application for a non-conforming roof sign at 333 "G" Street
- Jay's Construction - Modifying the applicability of Sign Ordinance to reuse wall sign at 25 'C' St.
- Family Dollar - Modifying the applicability of wall sign at 1148 W. Lemoore Avenue
- Signaturez Clothing - sign application for a window sign at 329 Heinlen St.
- Diocese of Fresno - sign application for a wall sign at 884 N. Lemoore Ave.

**Architectural Design Review Committee**

- As of May 18, 2012, design review is assign to the Planning Commission

### Violations

- Letter to D. Hernandez regarding extension granted to the remove POD/storage container
- Letter to Thai Day Spa regarding extension granted to have banner at 222 Heinlen Street up until May 25, 2012 and formal sign application submitted prior to this date
- Letter to Emily's Deli regarding vertical banner to be removed
- Letter to T Michalski regarding solid wooden fence less than 3 ft. behind the back of sidewalk
- Letter to Fastrip regarding banner tied from tree light pole
- Letter to Thai Day Spa regarding final extension for banner
- Letter to Billingsley Trust regarding POD/ Storage Container Violation- 755 Country Club Drive
- Verbal with manager of 7-11 – 1790 W. Bush regarding A frame, vertical banners and Pole Signs
- Verbal with owner of Canine Corner – old sign removal – 55 D Street
- Letter to Big 'G' Jewelry Exchange – Banner violation – 55 D Street, Suite G

### Assigned Addresses

- Address assigned to Meter Box at 2400 W. Bush Street

### Plot Plan Review

- Returned for corrections plot plan for Lots 21, 26, 28, 29, and 30 Tract 783 Country Club Villas II by Raven Homes, missing approval from the Home Owner's Association
- Approved Lots 37, 38, 39, 71, 72, & 73 at Tract 791 Wathen Castanos
- Approved Lots 21, 26, 28, 29, & 30 at Tract 783 Country Club Villas for Raven Homes
- Approved Lot 30, 37, 45, & 63 at Tract 838 Silva 10 for Daley Homes

### Administrative Review

- Review for Lemoore Chief Petty Officers firework stand- 1290 N. Lemoore Ave.
- Review for Lemoore Senior Center firework stand – 789 S. 18<sup>th</sup> Ave.
- Review for Last Days Ministries firework stand – 215 w. Hanford-Armona Road
- Review for Assembly of God Lifeway Church firework stand – 65 W. Hanford-Armona Road
- Review for Lemoore Church of Nazarene firework stand – 726 'D' Street
- Review for Lily of the Valley Youth firework stand – 820 N. Lemoore Ave.
- Review for Lemoore Soccer League firework stand – 1125 w. Bush
- Review for Kings Christian firework stand – 1089 Lemoore Ave.
- Review for Lemoore School Boosters firework stand – 101 E. Bush
- Review for Kings County Fire Dept. #7 firework stand – 321 S. Lemoore Ave.
- Review for Little League firework stand – 375 S. Lemoore Ave.
- Review for Association Of Aviation Ordinance men firework stand – 788 D Street
- Letter to 7-11 regarding missing landscape improvements and 7-11 – 1790 W. Bush
- Review of Rose bouquet selling – 130 Hanford- Armona Road

### Other

- Attached May 2012 Building Department Reports Summary
- Attached May 2012 Building month end report – Issued Permits

Mayor  
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Item 5

**Planning Commission Staff Report**

**To: Lemoore Planning Commission**  
**From: Holly Smyth, Planning Director**  
**Period: June 19, 2012 through July 17, 2012**  
**Subject: Activity Update - items not on Planning Commission or City Council agendas**

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**Plans**

No update

**Meetings / Events**

June 27<sup>th</sup> Kings County Association of Governments Board Meeting

**Home Occupations**

- Steve Hickman – 746 Woodridge Ct – office for taxi service
- Micheal Burke – 1020 Golf Avenue – office for Shaved Ice Mobile business
- David Garcia – 1518 Peachwood Street – office for lawn care service business

**Signs**

- Gonzalez Furniture – changing out wall sign – 226 Heinlen Street.
- Lemoore RV - temporary signs – 941 Cinnamon Drive
- Reynas Restaurant – wall sign – 333 E Street

**Violations**

- Rent a Center – Vertical Banner time period – 1242 N Lemoore Avenue
- Dollar Tree – Too many stick signs – 95 West Hanford-Armona Road
- Popeyes – Too many stick signs – 310 Lemoore Avenue
- K-Mart – Banner up more then 30 days – 215 W Hanford-Armona Road
- Advance America – banner up more then 30 days – 115 W Hanford-Armona Road
- Quick N Super – flashing sign and excessive window coverage – 1104 N. Lemoore Avenue
- Iluagara Mexican Restaurant – flashing sign – 1208 N Lemoore Avenue
- Betos – Storage Container up for more than 45 days (POD) – 321 S. Lemoore Avenue
- Gonzalez Furniture – Vertical banner in City right-of-way – 226 Heinlen Street
- Robert Scoggins – Vertical banner in City right-of-way and excess Banners – 350 W “D” Street
- Dominos Pizza – Banners and vertical banners in City right-of-way – 25 “D” Street
- Reyna’s Restaurant - Courtesy letter regarding removal of POD when complete – 333 E Street
- Teri’s Restaurant – Letter regarding removal of POD – 219 E Street
- Pizza Hut – illegal building construction – 1029 N. Lemoore Avenue

**Plot Plan Review**

- Approved Lots 27, 32, 33, 36, 52, 53, 54 & 55 at Tract 791 Wathen Castanos

**Administrative Review**

- First Pentacostal church – new office at 102 Larish Street Unit D
- Jackson Construction to construct a storage shed at 1029 N. Lemoore Avenue – Pizza Hut

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**LEMOORE**  
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Item 6

**Planning Commission Staff Report**

To: Lemoore Planning Commission  
From: Holly Smyth, Planning Director *HS*  
Period: August 23, 2012 through October 15, 2012  
Subject: Activity Update - items not on Planning Commission or City Council agendas

**Meetings / Events:**

- Staff attended the San Joaquin Valley Fall Policy Conference at the Tachi Palace regarding upcoming requirements coming down from SB375 regarding a Sustainable Community Strategy Plan required to be done by the Kings County Association of Governments

**Home Occupations**

- Janet Hausauer – 125 E. Deodar – home office for cleaning business
- Brenda & Joseph Mendoza (B & J Catering) – 1600 W. Bush Street – home office for catering business, with food preparation at approved Commissary

**Signs/ Sign Modifications**

- Cinnamon Villas – 335 W. Cinnamon Drive – Monument and directional signs
- Bridal Dreams – 1085 W. Bush Street – Wall sign
- A Shopaholics Closet – 55 East "D" Street
- Vero Shoes – New Business Letter regarding signs - 328 Heinlen Street
- Joe Aguilar – Wall sign – 1069 W. Iona Avenue
- Alvaro Moreno – Wall / canopy sign – 1085 W. Bush St.
- Subway - Wall sign – 1790 Bush Street
- Dr. Liscomb – Wall sign – 95 W. Hanford-Armona Road, #C
- Signworks / Bressler – Wall/canopy sign – 770 E. Bush
- Prolite / Signatures – Wall sign – 75 W. Hanford-Armona Road
- Plain Insane Graphix / VSS Shoe Store – window signs – 329 Heinlen St.
- Cinnamon Villas – Subdivision Signs – Fox and Cinnamon

**Violations**

- Walgreens – Banner and stick signs – 12 W. Hanford-Armona Road
- Fred Loh – Sign/Banner on roof – 55 East "D" Street – Final Letter
- Burger King – Banner – 65 Hanford-Armona Road
- Rite Aid – Pole & banner signs – 820 N. Lemoore Avenue
- 75 Hanford-Armona Road – Letter regarding replacement/painting of wall
- Dr. Liscomb – New sign no approval - 95 Hanford-Armona Road
- Kmart – Time period on large banner – 215 W Hanford-Armona Road
- Lowe Reality – Sign on corner of "D" and Byron
- Gary Ramos – Reminder to remove banner after 30 day – 236 Heinlen Street
- Fastrip – 775 N. Lemoore Avenue – Pole Signs
- Big "G" Jewelry – Banner removal – 55 E. "D" Street
- Sam Lakhani – Several vertical banners – 955 Commerce Way

**PLANNING COMMISSIONERS**

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David Brown, Bob Clement, Jim Marvin, Calvin Montreal, Bill Wynne

- Darrell Grantham – Banners on vehicles – 315 S. Lemoore Avenue
- Gurmakh Sran / Valero – Pole signs - 342 Fox Street
- Wilbur Keel – 310 Heinlen Street - assembly use with no approval
- Big 'G' Jewelry – Final letter – 55 E. 'D' St
- Signatures – 75 W. Hanford-Armona – Banner reminder
- Robert Scroggins – 350 W. 'D' Street – vertical banners & banner
- Valero – 342 Fox – Pole Sign
- Shell Station – 161 W. 'D' St. – Bannner and stick sign
- Leprino – 490 'F' Street – Dying landscaping
- NPP – 400 'E' Street – Dying landscaping and missing screening
- Subway – 1790 Bush Street – Banner & Vertical Banner

#### **Assigned Addresses**

None

#### **Plot Plan Reviews**

None

#### **Site Plan / Administrative Review**

- Reyna Salas – 333 "E" Street - > 50% façade improvements
- Hector Avila - 321 S. Lemoore - Recycling center with two semi-permanent containers
- Tom Bement – 332 Larish - RV / boat garage accessory building

#### **Updated Applications per Zoning Update:**

- Application for Administrative Use Permit for Shopping Carts
- Application for Administrative Use Permit for Secondary Units
- Application for Administrative Use Permit for Semi-Mobile
- Application for Administrative Permit
- Application for Conditional Use Permit
- Application for Major Site Plan and Architectural Review
- Application for Minor Site Plan and Architectural Review
- Application for Minor Deviation
- Application for Public Convenience or Necessity
- Application for Minor Site Plan and Architectural Review in Downtown
- Application for Official Zoning Interpretation
- Applicaton for Permanent Signs outside Downtown
- Application for Sign Variance
- Application for Large Day Care Home
- Application for Home Occupation

#### **Zone Clearance / Interpretation**

- 1780 Linden Street / Tommy - Patio
- 25 Willow - Storage Shed
- 1363 Cedar Lane –minor deviation of setback for an enclosed patio at 4'3" sideyard setback

#### **Building Report**

- See attached July 2012 report
- See attached August 2012 report

#### **Other**

- Letters sent out for new Shopping Cart Abandonment Plan
- Extension request by Senior Panchos restaurant – Administrative Site Plan
- See Attached Climate Action Plan Advisory Committee Nomination Form due 10/26/2012

Mayor  
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**LEMOORE**  
CALIFORNIA

Item 8

**Planning Commission Staff Report**

**To: Lemoore Planning Commission**  
**From: Holly Smyth, Planning Director** *HS*  
**Period: October 18, 2012 through November 19, 2012**  
**Subject: Activity Update - items not on Planning Commission or City Council agendas**

**Meetings / Events:**

- 10-30-2012 staff attended neighborhood meeting on Woodside Homes project in Davante Villas
- 11-6-2012 staff attended the San Joaquin Valley Air Pollution Control district discussion on the green house gas inventory for the countywide Climate Action Plan in coordination with Kings County Association of Governments
- 11-13-2012 staff attended League of California Cities webinar summarizing legislative actions that affect local governments.
- 11-14-2012 staff attended the Planning Directors kickoff meeting for the Climate Action Plan with consultant Rincon and Kings County jurisdictions

**Home Occupations**

None

**Signs/ Sign Modifications**

- Lemoore RV Storage – (J. DeJong) – Freestanding sign – 941 W. Cinnamon Drive
- David Dominguez – New Business sign for barbershop at 325 Fox Street
- John Gordon – Regarding new business signage if needed for attorney office at 358 W. "D" Street
- Max Vernon – Regarding new business signage if needed for sandwich shop on Lemoore Avenue

• **Violations**

- MIQ School – 884 N. Lemoore Avenue – Moving Reader Board sign too fast
- Frederick Loh – banner as sign - 4<sup>th</sup> notice of banner up longer than code allows- 55 East 'D' Street
- McCann & Sons Hay Service – Vertical Banners – 1356 W. Iona Avenue
- Sam Lakhani – Vertical Banners – 955 Commerce Way
- Anthony Paulo – Non-conforming Sign and dilapidated landscaping - 358 West 'D' Street
- David Rose – Oversized sign at 317 S. Lemoore Avenue
- O'Reily Auto Parts – Time period for banners expired at 1060 N. Lemoore Avenue
- Stereoworks – Time period for banners expired at 325 N. Lemoore Avenue
- Rite Aid- Time period for banners expired at 820 N. Lemoore Avenue
- Advance America Check Cashing - Time period for banners expired at 155 W. Hanford-Armona
- Walgreens - Time period for banners expired at 12 W. Hanford- Armona Road

**Assigned Addresses**

None

**Plot Plan Review**

None

**Site Plan / Administrative Review**

- Contreras – 1070 Par Avenue – Patio
- Wilbert Keel – 310 Heinlen – Bible Study room
- Benjamin Carino – 837 Sheffield Circle - Patio

**Updated Applications per Zoning Update:**

None

**Zone Clearance / Interpretation**

None

**Minor Deviation**

Lennar Fresno, Inc. – setback for enclosed patio garage side from 10' to 8' at 295 Augusta Street  
Lennar Fresno, Inc. – setback for enclosed patio garage side from 10' to 8' at 301 Augusta Street

**Building Report**

- See attached October 2012 report

**Other**

- Received Family Dollar application for abandoned shopping cart plan– 1148 N. Lemoore Avenue

Mayor  
William Siegel  
Mayor Pro Tem  
Lois Wynne  
Councilmembers  
John Gordon  
Eddie Neal  
Willard Rodarmel



Planning  
Department  
711 Cinnamon  
Lemoore, CA 93245  
Phone (559) 924-6740  
FAX (559) 924-6708

**LEMOORE**  
CALIFORNIA

Item 8

**Planning Commission Staff Report**

**To: Lemoore Planning Commission**  
**From: Holly Smyth, Planning Director**  
**Period: November 20, 2012 through January 9, 2013**  
**Subject: Activity Update - items not on Planning Commission or City Council agendas**

**Meetings / Events:**

- Multiple staff meetings on Business Assistance/Resources with Economic Development, Finance, Building, and Planning Departments to modify webpage and brochure formats
- Various meetings with Quiring, Rail America, and Public Utilities Commission staff and City Public Works and City Manager regarding pedestrian improvements and potential CMAQ grant for improvements along 19½ Avenue, including a portion in railroad right-of-way area.

**Home Occupations**

None

**Signs/ Sign Modifications**

- John Gordon – Regarding wall sign for attorney office at 358 W. “D” Street
- David Rose- wall sign which was determined to need a variance to sign regulations
- Billingsley Tire – Wall sign to replace existing at 6 West “D” Street

**Violations**

- Ethel Reds – 850 West “D” Street- temporary stick signs
- Whiskey Shoppe – 718 Lemoore Avenue – blank copy required & potential removal in 12 months
- Saturdays Haircutting – 161 Hanford-Armona Road – sign removal
- Walgreens – 12 Hanford-Armona Road – talked to store manager regarding temporary signs
- Aguilar Automotive – 1069 Iona Avenue – regarding banner
- Adventist Health – “C” Street – removal of banner

**Assigned Addresses**

None

**Plot Plan Review**

- Approved plans for lot 77 in Tract 838 Silva Estates #10
- Approved plans for lots 16, 17, 18, 22, 23, 24, 46, 47, 64, 74 in Tract 791 Wathen Castanos
- Approved plans for lots 22, 23, & 24 in Tract 872 Wathen Castanos

**Updated Applications per Zoning Update:**

None

**Zone Clearance / Interpretation**

None

**Minor Deviation**

None

**Building Report**

- See attached November and December 2012 reports

RECEIVED

MAY 2 REC'D

May 2, 2013

CITY CLERK'S OFFICE

Dear Lemoore City Council & City Manager,

I respectfully request that a copy of my full commentary & proposed 2013/14 budget submitted several weeks ago be forwarded to all City Council members and be included as an attachment to the budget report, in an unaltered format.

Sincerely,  
Nally Smyth

The Planning Department is responsible for all long and short range City planning functions and the Director serves as Secretary to the Planning Commission, providing professional advice on planning items to the Planning Commission and City Council. The Planning staff also prepares other non-planning staff reports as directed by the City Manager or for the Cross Valley Rail Corridor Joint Powers Authority as needed. Planning administers and helps prepare updates to the Zoning and Subdivision Ordinances, prepares the General Plan Annual Report to the State, conducts General Plan conformity analysis for City budgets related to capital projects, site plan reviews, agricultural land cancellations, landscape plan review and approval, preliminary site plan review, vacating streets and easements when needed, and has been involved in the below listed activity areas shown under statistics and land use policies of the City. The Department staff also oversees the work of various consultants and provides various support services to other City Departments regarding interpretation of various Municipal Code Sections, and limited GIS mapping services.

The seven-member Planning Commission is charged with the review of planning and development within the City to assure that development is consistent with City policy and is in the best interest of the City. The Planning Commission renders advice on policy decisions regarding the growth of the City through the General Plan and the Zoning Ordinance. Under the new 2012 Zoning Code, Commissioners are also responsible to review design plans and drawings subject to architectural design review process within Historic Downtown. Planning Commissioners are appointed to serve four-year staggering terms. The Planning Commission meets at 7:00 p.m. on the second and fourth Monday of each month.

#### GOALS AND OBJECTIVES

- ◆ Invigorate the Department with a renewed sense of customer focus to serve all customers professionally, accurately and in a timely fashion in coordination with the Public Works and Building Department staff.
- ◆ Implement a feedback tool to help report on the effectiveness of delivering development services so that improvements may be made to be more business friendly.
- ◆ Update planning fees in conformity with 2012 Zoning Code processes to insure that fees do not overcharge or undercharge for the services rendered.
- ◆ Recommend modifications to the 2012 Zoning Code through Ad-Hoc Committees and Planning Commission research, discussions, and public hearings.
- ◆ Update the General Plan Circulation Element to re-evaluate potentially unnecessary “Planned Improvements to Accommodate Buildout” list in order to reduce overall developer impact fees and utilize free KCAG traffic consultant to keep traffic modeling costs down.
- ◆ Provide support to Public Works Department during the revisions to the Public Works Standards book as needed to insure conformity with the General Plan and Zoning Code.
- ◆ As time and funding are available, cleanup the City’s GIS mapping system to eliminate duplicate files, simplify the archive file system, and train staff to be able to start producing some GIS maps and be able to provide street maps to the public.
- ◆ Work with Kings County Association of Governments (KCAG) on long-range planning as it relates to Lemoore:
  - Countywide Climate Action Plan funded through Proposition 84 round 1 grant funds to reduce the potential impacts of having a plan dictated by the regional government to retain local land use control.
  - Provide information, input, review, and participation into the Regional Housing Needs Assessment (RHNA) required by the State of California, so that Lemoore is not dictated an allotment by the regional agency without representation and help retain grant eligibility.
  - Provide information, input, review, and participation into the Sustainable Community Strategies (SCS) Plan as part of the Regional Transportation Plan (RTP) process required by the State, so that Lemoore retains its local land use authority and remains eligible for grant funding which is tied to these plans which are anticipated to be adopted by June 30, 2014.

- ◆ Should Walmart want to move forward, continue to work with consultants to complete Walmart Environmental Impact Report and get to public hearings.

**ACTIVITY STATISTICS – by calendar year for 2013-14 Fiscal Year Budget**

<u>Planning Activities</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Alcohol, Beverage Control Determination	2	0	0	1	1
Architectural Design Review Approvals	9	3	9	2	1
Administrative Use Permits <sup>1</sup>	56	47	65	69	103
Administrative Review for Semi-Permanent Mobile Food Vendors	0	1	2	1	0
Categorical Exemptions	25	14	20	22	8
Certificate of Compliance	0	1	0	0	1
Conditional Use Permits	4	3	1	1	4
Design Review under GP Policy COS137	0	1	0	0	0
Environmental Impact Assessments	5	6	5	3	1
Extensions (inc. AB 208 ext & CC ext. in 2011)	9	7	9	21	3
Final Maps	1	0	1	5	4
Flood Hazard Development Permits	0	0	0	0	0
General Plan Amendments (minor by dvlprs.)	2	1	2	0	2
GIS maps, analysis, or Sketch-up diagrams		90	100	0	0
Home Occupations	16	13	17	19	20
Large Daycare	0	4	0	1	0
Lot Line Adjustments	1	1	0	2	1
PC Resolutions of the City of Lemoore	0	7	16	15	20
PUDs (master designs subdivision, preplots, & staff report)	0	0	1	3	2
PUD Individual Plot Plan Reviews/changes	20	15	14	17	80
Preliminary Site Plan Review (began 2005)	18	2	0	1	2
Site Plan Review (Minor & Major) <sup>2</sup>	16	10	7	10	14
Special Zoning Exceptions	1	0	0	0	1
Tentative Parcel Map	6	1	1	2	0
Tentative Subdivision Maps (excludes PUD)	0	0	0	0	0
Vacating/Dedicating Easements or Streets	1	2	6	10	1
Variance (Major & Modifying Sign applicability)	1	0	2	0	8
Violations	<sup>3</sup>	<sup>3</sup> 8	26	75	141
Zone Amendments (Text/Map Changes/Prezones)	1	6	3	4	5
Zone Clearance <sup>4</sup>					30

*Footnotes:*

1 - Includes signs, secondary dwellings, accessory building & carports, administrative use permits, minor deviations, similar use determination and other various approvals allowed by the dept.

2 - Includes highway-oriented signs, multi-family complexes, temporary use permits, & zoning interpretations

3 - RDA code enforcement generally handled all violations, since 2010 various department now handle code enforcement related to their sections of the Municipal Code

4 - Includes no-cost review/approval to verify meeting standards for height and setbacks for accessory buildings, downtown painting, written zoning info, assigned addresses, zone clearance, business license review, landscape approvals, and civil approvals

**FULL-TIME POSITION ALLOCATION:**

<b>Full-Time Staff</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14 Request</b>
Planning Director	1.00	1.00	1.00	1.00	1.00	1.00
Associate Planner	1.00**	0				
Assistant Planners	2.00	2.00***	1.00	1.00	1.00	1.00
Planning Tech	0	0	0	0	0	1.00
<b>Total FT Positions</b>	<b>4.00</b>	<b>3.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>3.00</b>
<b>Part-Time Staff (Full time equivalent)</b>						
Planning Tech PT	0	.90	.80	.80	.60	0
Office Assistant II	1.0	0	0	0	0	
<b>Total FTE Positions</b>	<b>1.00</b>	<b>.9</b>	<b>.80</b>	<b>.80</b>	<b>.60</b>	<b>0</b>
<b>Full-Time Equivalent</b>	<b>5.0</b>	<b>3.9</b>	<b>2.8</b>	<b>2.8</b>	<b>2.6</b>	<b>3.00</b>

### Planning Commentary Continued:

The staff has been heavily involved in the following major projects not listed in the Activity Statistics during the 2012/2013 fiscal year:

- ◆ Created all new planning application forms to conform to the new 2012 Zoning Ordinance and new broiler plates for various staff reports for entitlements.
- ◆ Provided input and coordinated preliminary engineering discussion on the floor plan layout for the CMC office renovation.
- ◆ Reviewed and prepared staff reports for 184 unit gated apartment complex.
- ◆ Processed a pre-zone application and assisted with LAFCO annexation process of a 185-acre Newton property between Highway 41 and 19<sup>th</sup> Ave. down to Jackson Ave.
- ◆ Worked with Kings County Association of Governments (KCAG) and other Kings County jurisdictions on the Countywide Climate Action Plan funded through Proposition 84 round 1 grant funds.
- ◆ Worked with KCAG traffic consultant to start analyzing potential reductions in traffic improvements and their impact to the Levels of Service
- ◆ Worked with the San Joaquin Valley Metropolitan Planning Organizations Proposition 84 Grant that provided Circuit Planners to carry out planning work products that could enhance Blueprint Smart Growth principles. In Lemoore they create two conceptual mixed use project layouts for two mixed-use locations.
- ◆ Walmart Environmental Impact Report put on hold.

This year's proposed Planning Department budget shows an overall increase in recurring expenses from the originally approved \$302,153 in FY 2012-13 (which was adjusted downward during mid-year adjustments to \$290,268) to \$348,372 or a \$46,219 increase (equating to a 15.3% increase). This is predominately due to proposed changes in staffing due to increasing work loads and anticipated grant administration activity, as well as increased professional contract services for engineer work to assist with right-of-way legal descriptions instead of being provided by businesses.

In the 2012/13 fiscal year only 24 hours a week were provided for the planning technician staff, which reduced customer service, lengthened application processing periods, and caused some large scale projects to not move forward due to minimal counter coverage. Approximately \$22,251 of the proposed increase is for salaries, which automatically include potential merit increases. Most of this cost is caused by requesting that the part-time Planning Technician be moved to a full time 40 hour per week position. This position is critical to one-stop customer service at CMC and is highly specialized in the planning profession and difficult to replace given the current "part-time" status. An additional \$10,747 of the increase is due to increases in benefits for full-time staff (based on normal inflationary expenses rising) as well as making a .60 full-time employee equivalent a full-time employee. With development applications still on the rise and existing and anticipated grant administration growing, the Planning Department may no longer be able to meet developer/business expectations, keep up with required reporting requirements of the grants, and meet the new expectations of City Council to improve customer service.

Much of the remaining increase is in professional contract services to pay for additional City engineering services to draft legal description documents when right-of-way or public utility easements are needed by the City as part of a development project. Most small businesses have a difficult time obtaining a licensed engineer to prepare dedication documents. This shift of work to the City from the developer/business owner is more business friendly and fair.

The chart below shows the percentage increases and decreasing of the ongoing department budget over the past five years.

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
FT Personnel	\$241,602	\$200,796	\$149,474	\$139,073	\$146,952	\$189,573
PT Personnel ongoing	\$30,725	\$30,725	\$25,000	\$20,370	\$20,370	\$0
PT Personnel one-time	\$0	\$0	\$10,000	\$4,000		
Benefits	\$85,679	\$68,227	\$55,777	\$53,846	\$57,517	\$70,333
Maint & Operating ongoing	\$147,384	\$82,652	\$65,301	\$73,100	\$77,314	\$88,466
Maint. & Operating one-time	\$218,262	\$235,000	\$161,000	\$41,578	\$1,100	\$25,000
Capital Outlay	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total ongoing</b>	<b>\$505,390</b>	<b>\$382,400</b>	<b>\$295,552</b>	<b>\$286,389</b>	<b>\$302,153</b>	<b>\$348,372</b>
Total One-time	\$218,262	\$235,000	\$171,000	\$45,578	\$1,100	\$25,000
Grand Total	\$723,652	\$617,400	\$466,552	\$331,967	\$303,253	\$373,372
Decrease/increase in ongoing budget	14.24%	-24.34%	-22.71%	-3.10%	5.50%	15.30%

Requested one-time costs equate to \$25,000. The largest portion of this is \$20,000 for City Engineer services to update the General Plan Circulation Element to re-evaluate potentially unnecessary "Planned Improvements to Accommodate Buildout" list in order to reduce overall developer impact fees and utilize free KCAG traffic consultant to keep traffic modeling costs down. In order to update these a supporting traffic analysis document must be included. Another \$3,000 in one-time costs are to replace 2 of the departments computers that have started to give out and are over 7 years old. The remaining \$2,000 is for ergonomic office equipment identified by risk control manager from Bickmore Risk Services (as part of the RMA cost avoidance measure).

Offsetting increases in revenues from grant funds can help offset some of the increases listed above. The exact dollar amounts which will occur in the new fiscal year are not fully known. However, the Climate Action Plan grant being administered by Kings County Association of Governments (KCAG) has up to \$10,997 earmarked for City of Lemoore staff review and participation, and is dependant upon staff time actually spent on the project. Community Development Block Grant funds will not be made known until the awards are announced in July. Should one or all three be awarded, an additional \$67,200 for the Senior Rehab project, \$27,600 for the business assistance program and \$3,100 for the incubator project could be available for grant administration activities over one to two-year grant period.

FORM 2 - PERSONNEL SERVICES - ACTIVITY DETAIL/JUSTIFICATION WORKSHEET

DEPARTMENT: Planning - 4216

OBJ.#	DESCRIPTION	DEPARTMENT	COUNCIL	ACTUAL		DEPARTMENT	CITY MGR
		REQUESTS 2012-13	ADOPTED 2012-13	2/28/2013 2012-13	PROJECTED 2012-13	REQUESTS 2013-14	RECOMMEND 2013-14
4010	<u>Regular Salaries</u>						
	<b>TOTAL</b>	<b>146,952</b>	<b>146,952</b>	<b>95,091</b>	<b>144,552</b>	<b>189,573</b>	
	One time Sub Total	0	0	0	0	0	0
	<b>TOTAL4010</b>	<b>146,952</b>	<b>146,952</b>	<b>95,091</b>	<b>144,552</b>	<b>189,573</b>	<b>0</b>

Justification & Explanation of Changes:

\*Growing customer service needs and grant administrative duties cause need for full time Planning Technician support, which are supported by offsetting revenues

4020 Over-time Salaries

<u>Ongoing</u>	0	0	38	38	0	0
<u>One-Time</u>		0	0	0	0	0
<b>TOTAL 4020</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>38</b>	<b>0</b>	<b>0</b>

Justification/Explanation

4030 Part time Salaries

Recurring Sub Total	26,081	20,370	14,986	22,600	0	0
One time Sub Total	0	0	0	0	0	0
<b>TOTAL4030</b>	<b>26,081</b>	<b>20,370</b>	<b>14,986</b>	<b>22,600</b>	<b>-</b>	<b>-</b>

Justification & Explanation of Changes:

BENEFITS

4110 FICA	13,421	12,800	8,816	13,260	14,686	0
4120 SUI	1,260	1,320	1,064	1,320	1,260	0
4130 Retirement	29,086	28,058	19,918	29,921	34,958	0
4140 Health Insurance	8,300	8,156	471	1,124	13,401	0
4150 Life Insurance	182	190	123	190	288	0
4190 SDI	1,494	1,470	967	1,470	1,920	0
4195 Cafeteria Plan Benefit	0	0	1,857	2,834	0	0
4200 Deferred Comp	3,774	3,638	3,525	5,269	3,820	0
<b>Benefits Total</b>	<b>57,517</b>	<b>55,632</b>	<b>36,740</b>	<b>55,388</b>	<b>70,333</b>	<b>0</b>
<b>RECURRING SALARIES</b>	<b>230,550</b>	<b>222,954</b>	<b>146,855</b>	<b>222,578</b>	<b>259,906</b>	<b>0</b>
<b>ONE TIME SALARIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DEPARTMENT SALARIES SUB-TOTAL</b>	<b>230,550</b>	<b>222,954</b>	<b>146,855</b>	<b>222,578</b>	<b>259,906</b>	<b>0</b>

Justification & Explanation of Changes:

FORM 3 - OPERATIONS & MAINTENANCE - ACTIVITY DETAIL/JUSTIFICATION WORKSHEET

DEPARTMENT: Planning - 4216

OBJ.#	DESCRIPTION	DEPARTMENT	COUNCIL	ACTUAL		DEPARTMENT	CITY MGR
		REQUESTS	ADOPTED	2/28/2013	PROJECTED	REQUESTS	RECOMMEND
		2012-13	2012-13	2012-13	2012-13	2013-14	2013-14
<b>4220 Operating Supplies</b>							
	Postage	1,500	1,500	1,018	1,500	1,500	
	Paper/Supplies	800	800		854	900	
	Computer/Printer Supplies	150	150	100	150	150	
	Misc. Stationary & Office Supplies	300	300	175	300	300	
	Plotter & Drafting Supplies	450	450		400	450	
	Misc. supplies	0	0				
	<b>Recurring Sub Total</b>	<b>3,200</b>	<b>3,200</b>	<b>1,293</b>	<b>3,204</b>	<b>3,300</b>	<b>0</b>
	1 License of ArcGIS 10.0 so we can coordinate with Quad	2,100	1,100	1,447	1,447	0	
	Ergonomic Keyboard, pull-out, chairs, etc. per assessment					2,000	
	Replace two (2) computers					3,000	
	<b>One Time Sub Total</b>	<b>2,100</b>	<b>1,100</b>	<b>1,447</b>	<b>1,447</b>	<b>5,000</b>	<b>0</b>
	<b>TOTAL4220</b>	<b>5,300</b>	<b>4,300</b>	<b>2,740</b>	<b>4,651</b>	<b>8,300</b>	<b>0</b>

Justification & Explanation of Changes:

**4310 Professional Contract Services:**

	City Attorney Fees	10,000	7,500	3,257	7,500	10,000	
	Kings County Regional Planning (KCAG)*	5,263	5,263	5,263	5,263	10,840	
	Kings County Planning LAFCO	5,931	5,931	5,931	5,931	5,931	
	Computer Servicing**	1,000	1,000	889	1,300	1,300	
	APN Map copies	0	0	75	75	75	
	Quad-Knopf ***	25,000	20,000	3,498	18,000	30,000	
	Professional Services (related to GIS)	10,000	7,500	0	7,500	7,500	
	<b>Recurring Sub Total</b>	<b>57,194</b>	<b>47,194</b>	<b>18,913</b>	<b>45,569</b>	<b>65,646</b>	<b>0</b>
	Quad Knopf to assist with Circulation Element Amendment to help reduce impact fees with KCAG traffic model runs for free as member agency					20,000	
	<b>One Time Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	<b>0</b>
	<b>SUB-TOTAL4310</b>	<b>57,194</b>	<b>47,194</b>	<b>18,913</b>	<b>45,569</b>	<b>85,646</b>	<b>0</b>

Justification & Explanation of Changes:

Mid-Year Adjustments reduce these line items by \$2,500, \$5,000 and \$2,500 respectively

\* (KCAG) Non regional transportation planning activities including RHNA with estimate set by KCAG

\*\* Costs now include some Iphone and Ipad in addition to regular computers

\*\*\* City Engineer to do ROW and PUE legals on City dime for free ROW from property owners as part of temporary use permit and site plan review if Council direction allows

FORM 3 - OPERATIONS & MAINTENANCE - ACTIVITY DETAIL/JUSTIFICATION WORKSHEET

DEPARTMENT: Planning - 4216

OBJ.#	DESCRIPTION	DEPARTMENT	COUNCIL	ACTUAL	DEPARTMENT	CITY MGR
		REQUESTS 2012-13	ADOPTED 2012-13	2/28/2013 2012-13	PROJECTED 2012-13	REQUESTS 2013-14
<b>4320</b>	<b>Meetings and Dues</b>					
	Staff attendance at Planners Institute/ APA / or GIS Training*	1,800	1,800	1,217	1,800	1,800
	Mileage for Staff	500	500	253	500	500
	Mileage allowance for Planning Director**	2,400	2,400	1,600	2,400	2,400
	Professional dues (APA)	600	600	0	600	600
	<b>Recurring Sub Total</b>	<b>5,300</b>	<b>5,300</b>	<b>3,070</b>	<b>5,300</b>	<b>0</b>
	<b>One Time Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL</b>	<b>5,300</b>	<b>5,300</b>	<b>3,070</b>	<b>5,300</b>	<b>0</b>

Justification & Explanation of Changes:

**4330 Printing/Publications**

	Legal Notices *	1,000	1,000	2,042	3,063	3,100
	Publications/Subscriptions	250	250		250	250
	<b>Recurring Sub Total</b>	<b>1,250</b>	<b>1,250</b>	<b>2,042</b>	<b>3,313</b>	<b>0</b>
	<b>One Time Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL</b>	<b>1,250</b>	<b>1,250</b>	<b>2,042</b>	<b>3,313</b>	<b>0</b>

Justification & Explanation of Changes:

\* More public hearings published for certain applications per zoning update based on current year's anticipated actuals

**4340 Utilities**

		1,200	1,200	1,127	1,691	1,700
	<b>Recurring Sub Total</b>	<b>1,200</b>	<b>1,200</b>	<b>1,127</b>	<b>1,691</b>	<b>0</b>
	<b>One Time Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL</b>	<b>1,200</b>	<b>1,200</b>	<b>1,127</b>	<b>1,691</b>	<b>0</b>

Justification & Explanation of Changes:

**4350 Repair/Maintenance Services**

		500	500	0	500	500
	<b>Recurring Sub Total</b>	<b>500</b>	<b>500</b>	<b>0</b>	<b>500</b>	<b>0</b>
	<b>One Time Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL</b>	<b>500</b>	<b>500</b>	<b>0</b>	<b>500</b>	<b>0</b>

Justification & Explanation of Changes:

FORM 3 - OPERATIONS & MAINTENANCE - ACTIVITY DETAIL/JUSTIFICATION WORKSHEET

DEPARTMENT: Planning - 4216

OBJ.#	DESCRIPTION	DEPARTMENT	COUNCIL	ACTUAL	DEPARTMENT	CITY MGR	
		REQUESTS	ADOPTED	2/28/2013	PROJECTED	REQUESTS	RECOMMEND
		2012-13	2012-13	2012-13	2012-13	2013-14	2013-14
4360	<u>Training</u>						
	Training for Planning Commissioners	2,500	2,500	525	2,500	2,500	
	<b>Recurring Sub Total</b>	<b>2,500</b>	<b>2,500</b>	<b>525</b>	<b>2,500</b>	<b>2,500</b>	<b>0</b>
		0	0	0	0	0	0
	<b>One Time Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL</b>	<b>2,500</b>	<b>2,500</b>	<b>525</b>	<b>2,500</b>	<b>2,500</b>	<b>0</b>

Justification & Explanation of Changes:

4380 Rentals/Leases

Copy/fax machines rental & Copy Fees	6,000	6,000	3,883	6,000	6,000	
Dept. Share Pitney Bowes Meter	170	170	95	170	170	
<b>Recurring Sub Total</b>	<b>6,170</b>	<b>6,170</b>	<b>3,978</b>	<b>6,170</b>	<b>6,170</b>	<b>0</b>
<b>One Time Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>6,170</b>	<b>6,170</b>	<b>3,978</b>	<b>6,170</b>	<b>6,170</b>	<b>0</b>

Justification & Explanation of Changes:

RECURRING O & M	77,314	67,314	30,948	68,247	88,466	0
One Time O & M	2,100	1,100	1,447	1,447	25,000	0
<b>DEPARTMENT O &amp; M TOTAL</b>	<b>79,414</b>	<b>68,414</b>	<b>32,395</b>	<b>69,694</b>	<b>113,466</b>	<b>0</b>

FORM 4 - OTHER PAYABLES - ACTIVITY DETAIL/JUSTIFICATION WORKSHEET

DEPARTMENT: Planning - 4216

OBJ.#	DESCRIPTION	DEPARTMENT	COUNCIL	ACTUAL		DEPARTMENT	CITY MGR
		REQUESTS	ADOPTED	2/28/2013	PROJECTED	REQUESTS	RECOMMEND
		2012-13	2012-13	2012-13	2012-13	2013-14	2013-14
		0	0	0	0	0	0
	<b>Recurring Sub Total</b>	0	0	0	0	0	0
	<b>One Time Sub Total</b>	0	0	0	0	0	0
	<b>TOTAL</b>	0	0	0	0	0	0

Justification and Explanation of Changes:

FORM 5 - CAPITAL OUTLAY - ACTIVITY DETAIL/JUSTIFICATION WORKSHEET

DEPARTMENT: Planning - 4216

OBJ.#	DESCRIPTION	DEPARTMENT	COUNCIL	ACTUAL	PROJECTED	DEPARTMENT	CITY MGR
		REQUESTS 2012-13	ADOPTED 2012-13	2/28/2013 2012-13	2012-13	REQUESTS 2013-14	RECOMMEND 2013-14
4825	Equipment	0	0	0	0	0	0
	Recurring Sub Total	0	0	0	0	0	0
		0	0	0	0	0	0
	One Time Sub Total	0	0	0	0	0	0
	TOTAL CAPITAL OUTLAY	-	-	-	-	-	-

Justification & Explanation of Changes:

RECURRING DEPT TOTAL	307,864	290,268	177,803	290,825	348,372	0
ONE TIME DEPT TOTAL	2,100	1,100	1,447	1,447	25,000	0
ASSET REPLACEMENT DEPT TOTAL	0	0	0	0	0	0
DEPT GRAND TOTAL	309,964	291,368	179,250	292,272	373,372	0

Originally approved \$302,153 for FY 2012/13

Asset Replacement

4825AR	Equipment	-	0			0	0
	Total Asset Replacement	-	-			-	-

**Mayor**  
William Siegel  
**Mayor Pro Tem**  
Lois Wynne  
**Council Members**  
John Gordon  
Eddie Neal  
Willard Rodarmel



**Public Works  
Department**

711 W. Cinnamon Drive  
Lemoore, CA 93245  
Phone (559) 924-6735  
FAX (559) 924-6708

# Staff Report

Item # 7

**To:** Lemoore City Council *LA*  
**From:** Lauren Apone, Administrative Analyst  
**Date:** May 3, 2013  
**Subject:** Chevron Energy Solutions Solar Project – Energy Service Contract and Facility Financing Contract

**Discussion:**

The Chevron Energy Solutions solar proposal before you this evening has been discussed at five previous Council Meetings. The links to those staff reports are below.

- [http://www.lemoore.com/agendas/2012/sep18/data/9\\_18\\_12\\_item\\_5\\_1.pdf](http://www.lemoore.com/agendas/2012/sep18/data/9_18_12_item_5_1.pdf)
- [http://www.lemoore.com/agendas/2012/oct2/data/10\\_2\\_12\\_item\\_6\\_1.pdf](http://www.lemoore.com/agendas/2012/oct2/data/10_2_12_item_6_1.pdf)
- [http://www.lemoore.com/agendas/2013/mar19/data/3\\_19\\_13\\_ss\\_item\\_2.pdf](http://www.lemoore.com/agendas/2013/mar19/data/3_19_13_ss_item_2.pdf)
- [http://www.lemoore.com/agendas/2013/apr2/data/4\\_2\\_13\\_ss\\_item\\_2.pdf](http://www.lemoore.com/agendas/2013/apr2/data/4_2_13_ss_item_2.pdf)
- [http://www.lemoore.com/agendas/2013/apr16/data/4\\_16\\_13\\_item\\_4.pdf](http://www.lemoore.com/agendas/2013/apr16/data/4_16_13_item_4.pdf)

Over those five meetings, Council narrowed down the scope of the project and gave direction as to how they would like to pay for the project. The proposal before you this evening is the final version of both the project itself and its financing approach, taking into account Council’s previous feedback. The scope of the project has not changed since the April 16, 2013 Council Meeting. The CEQA and Site Plan Review will go before the Planning Commission on Monday, May 6, 2013 and staff will advise Council on the outcome of that meeting on Tuesday evening.

The proposed Chevron solar project will cost the City \$12,890,000. At Council’s direction, staff has put together the following recommendation to finance the project from each of the three accounts that the project will benefit: Water, Sewer, and General Funds.

Table 1

Project Fund	Project Cost	Funding Source 1	Funding Source 2 Borrow From	Funding Source 3
Water	\$9,939,038	Water Operating	WWTP Set Aside Fund	Bonds
		\$350,000	\$2,371,883	\$7,217,155
Sewer	\$2,532,594	Sewer Operating	WWTP Set Aside Fund	
		\$2,209,000	\$323,594	
General	\$635,523	General Fund Operating		
		\$635,523		

All three funds will first use available funds in their own operating budgets to fund their respective portions of the project. For the General Fund portion of the project, this is all that is needed. The Sewer and Water Fund portions of the projects will also borrow from the Wastewater Treatment Plant Set-Aside Fund. This money will need to be repaid to the WWTP Set Aside Fund and is proposed to be repaid according to the following schedule: The Sewer Operating Fund will repay its full obligation of \$323,594 to the WWTP Set Aside Fund in FY 14/15, after its solar savings are realized. The Water Operating Fund will repay the WWTP Set Aside Fund \$2,371,883 in 5.5 annual installments of \$450,000 beginning in FY 14/15 and ending in FY 19/20. Both funds will use their electricity savings to repay all obligations. Table 2 below shows the available balances in each of the above-mentioned funds both before and immediately after paying for this project. The operating funds are required to keep 25% of their annual operating expenses on-hand as cash reserves, which are reflected in the balances below.

Table 2

Fund	Balance Before Project	Balance After Project
Water Operating	\$ 1,024,958	\$ 674,958
Sewer Operating	\$ 2,434,147	\$ 225,147
WWTP Set-Aside	\$ 4,436,775	\$ 1,741,298
General Fund Operating	\$ 9,120,650	\$ 8,485,127

The remaining funding for the Water portion of the project will come from a loan agreement. As Council directed staff last meeting, we have solicited and received two proposals for a \$7 loan. Municipal Finance Corporation's proposal, which Council has seen in the past, had a 2.97% interest rate and no closing costs. Pinnacle Public Finance's (Southwest Securities) proposal, which has been received since the previous Council Meeting, has an interest rate of 2.48% and \$68,000 in closing costs. City staff and our City Attorney have analyzed both proposals, and with the additional \$68,000 in issuance costs added in, the Pinnacle proposal still has an effective interest rate of 2.615%, which is more attractive than the first. The Pinnacle proposal also allows the City to pay off the bonds early beginning in October 2018 with a 1% penalty. Over the course of the fifteen years, the City will save about \$260,000 with the Pinnacle proposal. The \$68,000 cost of issuance and \$149,155 in construction period financing costs are included in the attached cash-flow analysis. Also attached is the site-by site analysis of all of the projects in this proposal.

The City Attorney has reviewed the attached Energy Services Contract with Chevron Energy Solutions and the Loan Agreement with Pinnacle Public Finance, as well as the three consulting agreements for the different parties involved in the loan. Attached also are two resolutions that authorize the Mayor and/or Acting City Manager to sign the contracts.

**Budget Impact:**

The price tag on the entire solar project with costs of issuance and construction period financing is \$13,107,155. \$9,939,038 will be paid out of the Water Fund, \$635,523 out of the General Fund, and \$2,532,594 out of the Sewer Fund. The savings over 30 years are expected to be \$45.8 million to the above-mentioned funds.

**Recommendation:**

Staff recommends that Council re-open the public hearings, accept testimony, and approve the following:

- Resolution 2013-10 which approves the Energy Services Contract with Chevron Energy Solutions and authorizes the Mayor and/or Acting City Manager to execute the contract
- Resolution 2013-11 which approves the contracts for Loan Agreement with Pinnacle Public Finance and authorizes the Mayor and/or Acting City Manager to execute the contracts

Attachment 1: Cash Flow Analysis

Attachment 2: Site by Site Analysis

Attachment 3: Resolution 2013-10 – Approving Energy Services Contract

Attachment 4: Energy Services Contract

Attachment 5: Resolution 2013-11 – Approving Loan Agreement Documents

Attachment 6: Water Loan Agreement

Attachment 7: Bond Counsel Agreement

Attachment 8: Financial Consulting Agreement

Attachment 9: Placement Agreement

**City of Lemoore Solar Project - Entire Program**

**Cash Flow Analysis - Loan Agreement**

Project Price										\$12,890,000
Amount to be Financed										\$7,000,000
Construction Period Financing + Cost of Issuance										\$217,155
Finance Term										15
Annual Interest Rate										2.48%
Annual Escalation of Electricity Cost										5.00%
Year	Utility Cost Avoidance	California Solar Incentive	Total Program Savings	Loan Payment	Measurement & Verification	O&M Services	Inverter Replacement Cost	Cash Contribution by City	Total Program Costs	Net Savings
Year 0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,890,000	\$5,890,000	-\$5,890,000
Year 1	\$1,022,365	\$379,848	\$1,402,214	\$577,645	\$12,600	\$48,969	\$0	\$0	\$639,214	\$762,999
Year 2	\$1,068,116	\$377,949	\$1,446,065	\$577,645	\$12,978	\$50,737	\$0	\$0	\$641,360	\$804,705
Year 3	\$1,115,914	\$376,059	\$1,491,974	\$577,645	\$13,367	\$52,587	\$0	\$0	\$643,599	\$848,374
Year 4	\$1,165,852	\$374,179	\$1,540,030	\$577,645	\$13,768	\$54,526	\$0	\$0	\$645,939	\$894,091
Year 5	\$1,218,023	\$372,308	\$1,590,331	\$577,645	\$14,181	\$56,559	\$0	\$0	\$648,385	\$941,946
Year 6	\$1,272,530	\$0	\$1,272,530	\$577,645	\$0	\$58,693	\$0	\$0	\$636,338	\$636,192
Year 7	\$1,329,476	\$0	\$1,329,476	\$577,645	\$0	\$60,934	\$0	\$0	\$638,579	\$690,897
Year 8	\$1,388,970	\$0	\$1,388,970	\$577,645	\$0	\$63,291	\$0	\$0	\$640,936	\$748,034
Year 9	\$1,451,126	\$0	\$1,451,126	\$577,645	\$0	\$65,771	\$0	\$0	\$643,416	\$807,710
Year 10	\$1,516,064	\$0	\$1,516,064	\$577,645	\$0	\$68,384	\$0	\$0	\$646,029	\$870,035
Year 11	\$1,583,908	\$0	\$1,583,908	\$577,645	\$0	\$54,276	\$0	\$0	\$631,921	\$951,987
Year 12	\$1,654,788	\$0	\$1,654,788	\$577,645	\$0	\$55,904	\$0	\$0	\$633,549	\$1,021,239
Year 13	\$1,728,839	\$0	\$1,728,839	\$577,645	\$0	\$57,581	\$0	\$0	\$635,226	\$1,093,613
Year 14	\$1,806,205	\$0	\$1,806,205	\$577,645	\$0	\$59,308	\$0	\$0	\$636,953	\$1,169,252
Year 15	\$1,887,033	\$0	\$1,887,033	\$577,645	\$0	\$61,088	\$0	\$0	\$638,733	\$1,248,300
Year 16	\$1,971,477	\$0	\$1,971,477	\$0	\$0	\$62,920	\$0	\$0	\$62,920	\$1,908,557
Year 17	\$2,059,701	\$0	\$2,059,701	\$0	\$0	\$64,808	\$0	\$0	\$64,808	\$1,994,893
Year 18	\$2,151,873	\$0	\$2,151,873	\$0	\$0	\$66,752	\$0	\$0	\$66,752	\$2,085,120
Year 19	\$2,248,169	\$0	\$2,248,169	\$0	\$0	\$68,755	\$0	\$0	\$68,755	\$2,179,414
Year 20	\$2,348,775	\$0	\$2,348,775	\$0	\$0	\$70,817	\$0	\$0	\$70,817	\$2,277,957
Year 21	\$2,453,882	\$0	\$2,453,882	\$0	\$0	\$72,942	\$1,504,411	\$0	\$1,577,353	\$876,529
Year 22	\$2,563,693	\$0	\$2,563,693	\$0	\$0	\$75,130	\$0	\$0	\$75,130	\$2,488,563
Year 23	\$2,678,419	\$0	\$2,678,419	\$0	\$0	\$77,384	\$0	\$0	\$77,384	\$2,601,035
Year 24	\$2,798,278	\$0	\$2,798,278	\$0	\$0	\$79,706	\$0	\$0	\$79,706	\$2,718,572
Year 25	\$2,923,501	\$0	\$2,923,501	\$0	\$0	\$82,097	\$0	\$0	\$82,097	\$2,841,404
Year 26	\$3,054,328	\$0	\$3,054,328	\$0	\$0	\$84,560	\$0	\$0	\$84,560	\$2,969,768
Year 27	\$3,191,009	\$0	\$3,191,009	\$0	\$0	\$87,096	\$0	\$0	\$87,096	\$3,103,912
Year 28	\$3,333,806	\$0	\$3,333,806	\$0	\$0	\$89,709	\$0	\$0	\$89,709	\$3,244,097
Year 29	\$3,482,994	\$0	\$3,482,994	\$0	\$0	\$92,401	\$0	\$0	\$92,401	\$3,390,594
Year 30	\$3,638,858	\$0	\$3,638,858	\$0	\$0	\$95,173	\$0	\$0	\$95,173	\$3,543,686
<b>Totals</b>	<b>\$62,107,972</b>	<b>\$1,880,343</b>	<b>\$63,988,315</b>	<b>\$8,664,675</b>	<b>\$66,894</b>	<b>\$2,038,858</b>	<b>\$1,504,411</b>	<b>\$5,890,000</b>	<b>\$18,164,838</b>	<b>\$45,823,477</b>

**City of Lemoore Solar Project - Entire Program**

**Project Summary Table**

<b>No.</b>	<b>Site/Well No.</b>	<b>Location Description</b>	<b>Design kW<sub>p</sub></b>	<b>Annual kWh</b>	<b>Annual \$ Avoided</b>	<b>Annual O&amp;M Cost</b>	<b>Solar Incentive \$</b>	<b>Price \$</b>	<b>Payback</b>
1	6	North Well Field	270.00	535,410	\$116,371	\$4,189	\$233,236	\$1,088,381	6.69
2	7	North of West Hills College	194.40	316,542	\$74,451	\$3,164	\$137,893	\$699,014	6.88
3	10	Well #10 Groundmount to Well #10 Meter	252.00	407,548	\$65,473	\$4,111	\$177,537	\$953,040	10.20
4	CMC	CMC Parking Arrays to Well #10 Meter	269.40	409,219	\$65,741	\$4,997	\$178,265	\$1,806,149	17.87
5	10	Well #10 Groundmount to CMC Meter	86.40	139,536	\$22,326	\$1,528	\$60,785	\$306,995	9.67
6	11	Lemoore Ave & Glendale Avenue	259.20	420,902	\$106,067	\$4,460	\$183,354	\$909,681	6.33
7	12	Cedar Lane & Bluejay Avenue	345.60	558,144	\$124,243	\$4,490	\$243,140	\$1,199,432	6.97
8	13	East of West Hills College	216.00	349,370	\$88,041	\$3,512	\$152,193	\$741,334	6.19
9	4	North Well Site	792.00	1,570,536	\$202,835	\$10,701	\$150,107	\$3,136,314	12.02
10	PD	Police Department	10.80	15,552	\$2,939	\$380	\$6,775	\$46,260	11.88
11	WWTP	Meter 1 (Building)	162.00	321,100	\$51,922	\$2,850	\$139,878	\$780,829	10.47
12	WWTP	Well No. 9	72.00	143,208	\$32,931	\$1,460	\$62,385	\$411,701	9.19
13	WWTP	Meter 2 (adjacent to East Pond)	180.00	355,346	\$69,026	\$3,128	\$154,797	\$810,871	8.39
		<b>Total</b>	<b>3,109.80</b>	<b>5,542,412</b>	<b>\$1,022,365</b>	<b>\$48,969</b>	<b>\$1,880,343</b>	<b>\$12,890,000</b>	<b>9.33</b>

**RESOLUTION NO. 2013-10**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMOORE APPROVING AN ENERGY SERVICES CONTRACT BY AND BETWEEN THE CITY OF LEMOORE AND CHEVRON ENERGY SOLUTIONS COMPANY**

**WHEREAS**, the City Council of the City of Lemoore has received a proposal from Chevron Energy Solutions (“Chevron”) for a multifaceted solar project in the City of Lemoore that would provide significant savings to the city in avoided utility costs; and

**WHEREAS**, the City Council has considered presentations during its meetings of September 18, 2012, October 2, 2012, March 19, 2013, April 2, 2013, April 16, 2013, and on May 7, 2013; and

**WHEREAS**, the Council conducted a public hearing on April 16, 2013, which had been noticed pursuant to the provisions of Government Code §§ 4217.10 through 4217.18; and

**WHEREAS**, no public testimony was received during the public hearing in opposition to the proposed Chevron solar project or the Chevron Energy Services contract; and

**WHEREAS**, the City Council has received significant evidence that the best interest of the City will be served by entering into an Agreement with Chevron for the proposed solar project and that the proposed solar project will produce significant cost savings to the City over and above the cost of the project itself; and

**WHEREAS**, Government Code §§ 4217.10 through 4217.18 authorize the City Council to enter into an Energy Service Contract for the implementation of energy related improvements if the City Council finds that it is in the best interest of the City to enter into such Energy Service Contract and that the anticipated cost to the City for energy or conservation services provided by the Energy Conservation Facilities under the contract will be less than the marginal cost to the City of electrical or other energy that would have been consumed by the City in the absence of Solar Facility; and

**WHEREAS**, the City Council has concluded that such savings have been demonstrated to the satisfaction of the Council.

**NOW, THEREFORE**, be it resolved by the City Council of the City of Lemoore as follows:

1. The City Council finds that:
  - a. A public hearing was held consistent with the provisions of Government Code §§ 4217.10;
  - b. Notice of the public hearing was published on March 28, 2013 and March 30, 2013 in advance of said public hearing;
  - c. The proposed Energy Services Contract by and between the City of Lemoore and Chevron Energy Solutions Company is in the best interest of the City of Lemoore because the anticipated cost to the City for electrical energy or conservation services provided by the Energy Conservation Facilities under the Contract will be less than the anticipated marginal cost to the City of electrical, or other energy that would have been

consumed by the public agency in the absence of those purchases and, further, that the cost of financing for the Energy Conservation Facilities is more than offset by the benefits and cost savings provided under the Energy Services Agreement.

2. The facilities to be constructed and installed under the Energy Services Agreement, as described in attachments C and D to the Proposed Energy Services Agreement, have been approved by the Planning Commission during its meeting of May 6, 2013, and included appropriate approvals under the California Environmental Quality Act (CEQA).

3. The Energy Services Agreement presented to the City Council by and between Chevron Energy Solutions Company and the City of Lemoore is hereby approved.

4. The Mayor and/or Acting City Manager are authorized to execute the Energy Services Agreement and take such other actions as may be required of the City under the Energy Services Agreement to carry out and implement the Energy Services Program described therein.

The foregoing Resolution was approved and adopted at a regular meeting of the City Council of the City of Lemoore held on the \_\_\_\_\_ day of \_\_\_\_\_, 2013, by the following vote:

AYES:

NOES:

ABSTAINED:

ABSENT:

APPROVED:

ATTEST:

\_\_\_\_\_  
William Siegel, Mayor  
City of Lemoore

\_\_\_\_\_  
Kristie Baley, City Clerk  
City of Lemoore



**ENERGY SERVICES CONTRACT**

Customer: City of Lemoore

Customer Address:  
 119 Fox Street  
 Lemoore, CA 93245

Contract Effective Date: May 7, 2013

Estimated Construction Period: 12 months

Contract Amount: Refer to definition in **Attachment B**

This Energy Services Contract ("Contract") is made and entered into as of the Contract Effective Date specified above by and between **Chevron Energy Solutions Company, a Division of Chevron U.S.A. Inc. ("Chevron ES")**, a Pennsylvania corporation, having its principal offices at 345 California Street, 18<sup>th</sup> Floor, San Francisco, CA 94104, and the Customer identified above, for the purposes of providing comprehensive energy services. Chevron ES and the Customer may singularly be identified as a "Party" and collectively as the "Parties." The attachments listed below as being attached are attached hereto and fully incorporated herein.

**ATTACHMENTS TO CONTRACT**

<u>Attachment</u>	<u>Title</u>	<u>Attached</u>	<u>Not Applicable/ Not Attached</u>
A	General Terms and Conditions	Attached	
B	Design/Build Terms and Conditions	Attached	
C	Customer's Facilities	Attached	
D	Scope of Work	Attached	
E	Project Schedule	Attached	
F	Project Payment Schedule	Attached	
G	List of Incentives	Attached	
H	Monitoring Installation Scope of Work	Attached	
I	Preventive Maintenance	Attached	

IN WITNESS WHEREOF, and intending to be legally bound, the Parties hereto subscribe their names to this Contract by their duly authorized officers on the date first above written.

**CHEVRON ES:**  
**Chevron Energy Solutions Company,**  
**a Division of Chevron U.S.A. Inc.**

**CUSTOMER:**  
**City of Lemoore**

**By:** \_\_\_\_\_

**By:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_

**Title:**

**Title:**

Approved by City of Lemoore City Council on \_\_\_\_\_, 2013

APPROVED AS TO LEGAL FORM:

Lozano Smith, A Limited Liability Partnership

\_\_\_\_\_  
 Laurie Avedisian

**ATTACHMENT A  
GENERAL TERMS AND CONDITIONS**

**CONTRACT RECITALS**

WHEREAS, Customer owns and/or operates certain public facilities specifically described in **Attachment C, "Customer's Facilities"** ("Facilities") and Customer wishes to reduce its Facilities' energy consumption and costs and improve the Facilities' energy quality/reliability by contracting to procure comprehensive energy management strategy expertise to achieve long term benefits and flexibility in managing the Customer's power and energy needs and to implement certain new and upgraded energy system related equipment and materials and other energy conservation measures ("ECMs"); and

WHEREAS, Chevron ES is a full-service energy services company with the technical capabilities to provide services to the Customer including, but not limited to, energy auditing, engineering, procurement, construction management, installation, construction, training, monitoring and verification, and maintenance and operation (collectively, "Services"); and

WHEREAS, the Lemoore City Council, at its May \_\_\_\_, 2013, meeting approved this Energy Services Contract by and between Chevron ES and the Customer and authorized the Acting City Manager to execute this Energy Services Contract on behalf of the Customer.

NOW, THEREFORE, the Customer and Chevron ES hereby agree as follows:

**SECTION 1. PERFORMANCE OF THE WORK**

Section 1.1. **Performance of Work / Additional Terms and Conditions Governing Construction.** All the Work to be performed hereunder, including engineering, equipment and material procurement, installation, construction, and measurement & verification provided by Chevron ES, will be provided in accordance with the terms of this Contract, its attachments, and the terms of **Attachment B, "Design/Build Terms and Conditions"**.

Section 1.2 **Scope of Work.** The Scope of Work to be provided hereunder ("Work"), including all engineering, equipment and material procurement, and installation and construction, is more fully described in **Attachment D, "Scope of Work"**.

Section 1.3 **Project Schedule / Notice to Proceed.** The preliminary project schedule is presented in **Attachment E, "Project Schedule"**. Within ten (10) calendar days after the Customer has secured financing as set forth in Section 1.5, Customer will issue to Chevron ES a written Notice to Proceed ("Notice to Proceed"). If the Customer fails to issue the Notice to Proceed within ten (10) calendar days after financing is secured or such additional time as mutually agreed to in writing pursuant to Section 1.5, the Parties agree that the Notice to Proceed will be deemed to have been issued on the tenth (10<sup>th</sup>) calendar day after financing is secured. Chevron ES will begin Work within thirty (30) calendar days of Chevron ES's receipt of the Notice to Proceed.

Section 1.4 **Additional Work.** During the Contract Term, the Parties hereto may mutually agree to add additional Work and/or Projects to the Scope of Work by a written Change Order, executed by both Parties; and such work will be performed in accordance with the terms and conditions of this Contract, as amended.

Section 1.5 **Finance Contingency.** It is hereby agreed by Chevron ES and the Customer that the continued existence of this Contract is expressly contingent upon the following:

- (a) The receipt by Customer, within thirty (30) calendar days after execution of this Contract, of an initial Reservation Notice from the Utility with respect to the Incentive Funds. If such Reservation Notice is not received within such thirty-day period, this Contract may be terminated by Customer for convenience unless the Parties mutually agree in writing to extend such time period; provided that if this Contract is so terminated, the Customer will have no obligation to reimburse Chevron ES for the \$76,250 CSI application fee.
- (b) The ability of the Customer to secure financing for the payments to be made by Customer hereunder, including payments for the cost of the Work to be performed by Chevron ES, upon terms acceptable to the Customer. Upon execution of this Contract, and determination of such payments and costs, the Customer will have thirty (30) calendar days to obtain such financing. If financing is not secured by the Customer within such period, this Contract may be terminated by Chevron ES for cause unless the Parties mutually agree in writing to extend such financing period.

**SECTION 2. CUSTOMER'S ENERGY AND OPERATIONAL RECORDS AND DATA**

Customer represents and warrants that it has furnished to Chevron ES (or will furnish, or cause its energy suppliers to furnish, no later than ten (10) business days after the Contract Effective Date), all of its records and complete

data requested by Chevron ES concerning, without limitation, energy usage, energy-related maintenance, and other related costs for the Facilities listed in **Attachment C, "Customer Facilities"**, and including without limitation the following data for at least the past twelve (12) months and, optimally, the most current thirty-six (36) month period: utility records; occupancy information; descriptions of any changes in the building structure or its heating, cooling, lighting or other systems or energy requirements; descriptions of all energy consuming or saving equipment used in the Facilities; applicable building drawings, specifications, existing AutoCAD files, O&M manuals, and as-builts; bills and records relating to operation and maintenance of systems and equipment within the Facilities, and a description of operation and management procedures presently utilized. Customer agrees that Chevron ES may rely on the foregoing data as being accurate in all respects. If requested, Customer will also provide any prior energy audits of the Facilities, and copies of Customer's financial statements and records related to energy usage and operational costs for said time period at the Facilities, and will authorize its agents and employees to provide and freely discuss such records and to make themselves available for consultations and discussions with authorized representatives, employees, subcontractors, and agents of Chevron ES.

### **SECTION 3. CONTRACT TERM**

The term of the Contract will commence on the Contract Effective Date and end upon Final Completion of the Project.

### **SECTION 4. PAYMENTS**

As compensation for the performance of the Work and all of Chevron ES's obligations hereunder, Customer will pay the Contract Amount to Chevron ES.

Section 4.1 Monthly Progress Payments. Upon execution of this Contract, Chevron ES will invoice the Customer for a mobilization, design and engineering fee, as detailed on **Attachment F, "Progress Payment Schedule"**. On or before the twentieth (20th) day of each month thereafter, Chevron ES will submit to the Customer, or their designee, for approval its request for a monthly progress payment (each a "Request for Payment") in a form reasonably acceptable to Customer, for that portion of the Work completed prior to the date of such Request for Payment. The Customer, or their designee, will approve each Request for Payment, less any Retainage (as defined below), within thirty (30) calendar days after its receipt thereof. A failure to timely approve and pay a Request for Payment hereunder will be a material default by Customer under this Contract. Each Monthly Progress Payment will be made on or before the tenth (10th) day after such Request for Payment was received by Customer.

Section 4.2 Retainage. The Customer may withhold a retainage amount ("Retainage") of five percent (5%) of each monthly progress payment in accordance with California Public Contract Code §7201. The Customer may make progress payments in full without Retainage at any time after fifty percent (50%) of the Work has been completed, as permitted pursuant to California Public Contract Code §9203. Upon Substantial Completion of the Work, Retainage will be reduced to two (2%) percent of the total Contract Amount, and Chevron ES will invoice and Customer will pay the remaining amount. Customer will pay Chevron ES the final two (2%) percent Retainage upon achieving Final Completion.

Section 4.3 Final Payment. The final Request for Payment may be made after Final Completion. The Customer, or their designee, will approve and pay the final Request for Payment, without Retainage, within forty-five (45) calendar days after its receipt thereof. The Final Payment amount will also include payment to Chevron ES for any remaining Retainage withheld by Customer.

Section 4.4 Disputed Invoices/Late Payments. If Customer disputes any Request for Payment, or part thereof, or any supporting documentation related thereto, or otherwise disputes any Request for Payment, Customer will make full payment to Chevron ES when required in Section 4.1 above, less any portions of the Request for Payment amount in dispute, and will provide to Chevron ES a written explanation of the basis for the dispute and the amount of the Request for Payment being withheld related to the dispute, no later than the Due Date. Customer will be deemed to have waived and released any dispute known to it with respect to a bill if such written explanation is not provided within thirty (30) calendar days after the Due Date. If any amount disputed by Customer is finally determined to be due to Chevron ES, either by agreement between the Parties or as a result of dispute resolution pursuant to Section 15 below, it will be paid to Chevron ES within ten (10) business days of such final determination, plus reasonable interest at the interest rate set forth in **Attachment B, "Design/Build Terms and Conditions"**.

Section 4.5 Rebate Programs. To the extent included in the Scope of Work, Chevron ES will assist Customer in the preparation and submission to the applicable agencies of applications and documentation necessary for the energy efficiency rebate, incentive, and/or loan program(s) ("Incentive Funds") shown on **Attachment H, "Incentive Funds"**. Chevron ES cannot guarantee that Customer will receive the Incentive Funds or any portion thereof; Chevron ES expressly disclaims any liability for Customer's failure to receive any portion of the Incentive Funds, and Customer acknowledges and agrees that Chevron ES will have no liability for any failure to receive all or any portion of the

Incentive Funds. Procurement, or lack thereof, of the Incentive Funds will not alter the Contract Amount of this Contract or the payment timeline associated with payment of the Contract Amount, except as set forth in Section 1.5.

Section 4.6 CSI Application Fee Reimbursement. Subject to Section 1.5 within thirty (30) calendar days after execution of this Contract, Customer will reimburse Chevron ES \$76,250 for the CSI application fee. Such reimbursement will be separate and apart from the Contract Amount.

## **SECTION 5. WARRANTY/LIMITATION OF LIABILITY**

Section 5.1 Chevron ES warrants to Customer that material and equipment furnished under this Contract will be of good quality and new, unless otherwise specifically required or permitted by this Contract. Chevron ES further warrants that its workmanship provided hereunder, including its subcontractors' workmanship, will be free of material defects for a period of one (1) year from the date of Substantial Completion as indicated on the executed Certificate of Substantial Completion, or the date of Beneficial Use as indicated on the executed Certificate of Beneficial Use ("Chevron ES Warranty").

Section 5.2 Unless otherwise specified, all warranties hereunder, including without limitation those for defects, whether latent or patent, in design, engineering, or construction, will terminate one (1) year from the later of the date of Substantial Completion as indicated on the executed Certificate of Substantial Completion or the date of Beneficial Use as indicated on the executed Certificate of Beneficial Use for such Generating Facility; and thereafter, Chevron ES will have no liability for breach of any warranty or for any latent or patent defect of any kind pursuant to California Code of Civil Procedure §§337.15 and 338.

Section 5.3 Pursuant to the requirements of the California Solar Initiative Program, for each Generating Facility, Chevron ES further warrants to Customer, for a period of one (1) year from the date of Substantial Completion as indicated on the executed Certificate of Substantial Completion, or the date of Beneficial Use as indicated on the executed Certificate of Beneficial Use for such Generating Facility, that any additional equipment and materials that are not part of the solar generating systems, as described below, including meters (other than meters that are integrated into any inverter, which are covered under the 10 Year Chevron ES Warranty), will be free from degradation in electrical output of more than fifteen per cent (15%) from their originally rated electrical output as a result of faulty installation during such one (1) year warranty period. This Chevron ES Warranty expressly excludes any remedy for corrosion, erosion, or damage directly or indirectly caused by parties other than Chevron ES or its subcontractors, but does not exclude damage directly or indirectly caused by Chevron ES or its subcontractors in performing any obligation under the Contract including without exception PM Services.

Section 5.4 Pursuant to the requirements of the California Solar Initiative Program, for each Generating Facility, Chevron ES warrants to Customer, for a period of ten (10) years from the Substantial Completion Date for such Generating Facility, (i) that such Generating Facility will be free from defects in workmanship provided hereunder; and (ii) that the equipment will be free of defective system or component breakdown, or degradation in electrical output of more than fifteen percent (15%) from its originally rated electrical output as a result of faulty installation (the "10 Year Chevron ES Warranty"). This 10 Year Chevron ES Warranty covers solely the solar generating system, including PV modules (panels) and inverters (including meters that are integrated into any inverter) associated with the solar generating systems for each Generating Facility, and provides for the no-cost repair or replacement of solar generating system components to the extent not otherwise covered by a manufacturer's warranty. This warranty expressly excludes any remedy for corrosion, erosion, or damage directly or indirectly caused by parties other than Chevron ES or its subcontractors, but does not exclude damage directly or indirectly caused by Chevron ES or its subcontractors in performing any obligation under the Contract including without exception PM Services.

Section 5.5 Equipment and material warranties that exceed the one (1) year warranty period will be provided directly by the equipment and/or material manufacturers and such warranties will be assigned directly to the Customer, after the one (1) year period. During the one (1) year Chevron ES Warranty period, Chevron ES will be the Customer's agent in working with the equipment and material manufacturers in resolving any equipment or material warranty issues. Any material defects that are discovered within the one (1) year Chevron ES Warranty period, Chevron ES, or Chevron ES's subcontractors, will correct its defects, and/or Chevron ES will work with the equipment or material manufacturer as the Customer's agent to facilitate the manufacturer's correction of the equipment or material defect. Such warranty services will be performed in a timely manner and at the reasonable convenience of the Customer. If a warranty issue arises on any equipment or material installed after the one (1) year Chevron ES Warranty period, and the equipment or material has a warranty period that exceeds one (1) year, the Customer will contact the manufacturer directly to resolve such warranty issues and Customer acknowledges that the manufacturer will have sole responsibility for such issues.

Section 5.6 The warranties in this ARTICLE 5 expressly exclude any remedy for damage or defect caused by improper or inadequate maintenance of the installed equipment by service providers other than Chevron ES or its subcontractors, corrosion, erosion, deterioration, abuse, modifications or repairs not performed by an authorized Chevron ES subcontractor, improper use or operation, or normal wear and tear under normal usage.

EXCEPT FOR THE WARRANTIES PROVIDED IN THIS ARTICLE 5, CHEVRON ES MAKES NO OTHER WARRANTIES IN CONNECTION WITH THE WORK PROVIDED UNDER THIS CONTRACT, WHETHER EXPRESS OR IMPLIED IN LAW, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY IMPLIED WARRANTIES AGAINST INTELLECTUAL PROPERTY INFRINGEMENT. CUSTOMER WILL HAVE NO REMEDIES AGAINST EITHER CHEVRON ES OR ANY CHEVRON ES SUBCONTRACTOR OR VENDOR FOR ANY DEFECTIVE WORK INSTALLED EXCEPT FOR THE REPAIR OR REPLACEMENT OF SUCH EQUIPMENT IN ACCORDANCE WITH THE WARRANTIES INDICATED ABOVE. SPECIFICALLY, NEITHER CHEVRON ES, NOR CHEVRON ES'S SUBCONTRACTORS OR VENDORS, WILL BE LIABLE TO CUSTOMER FOR LOSS OF PROFITS OR FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY.

**SECTION 6. GOVERNMENTAL PERMITS AND APPROVALS; COORDINATION**

Section 6.1. Permits and Approvals. Customer will cooperate fully with and assist Chevron ES in obtaining all permits and approvals required under this Contract. Chevron ES is responsible for obtaining (but not paying for) permits and approvals required for the building, installation, and start-up of the Work hereunder which are required as of the Contract Effective Date. The Customer will be responsible for obtaining and paying for any other permits or approvals that may be required, including annual operating permits and any approvals or exemptions required by CEQA, as applicable. Customer is also responsible for all fees associated with plan checks, permits, inspections and utility interconnection(s), including any additional Scope of Work that may be required by the Utilities as part of the Interconnection Agreement(s).

Section 6.2. Coordination During Installation. Customer and Chevron ES will cooperate to coordinate the activities of Chevron ES and Chevron ES's subcontractors and suppliers with those of Customer, its employees, and agents. Chevron ES will use reasonable efforts not to interfere with the performance of business activities conducted by Customer or its employees without prior written approval of Customer, which will not be unreasonably withheld.

**SECTION 7. OWNERSHIP OF CERTAIN PROPERTY AND EXISTING EQUIPMENT**

Section 7.1. Ownership of Certain Proprietary Property Rights. Customer will not, by virtue of this Contract, acquire any interest in any formulas, patterns, devices, secret inventions or processes, copyrights, patents, other intellectual or proprietary rights, or similar items of property which are or may be used in connection with the equipment. Chevron ES will grant to Customer a perpetual, irrevocable royalty-free license for any and all software or other intellectual property rights necessary for Customer to continue to operate, maintain, and repair the equipment in a manner that will yield maximum energy consumption reductions.

Section 7.2. Ownership of Any Existing Equipment. Ownership of any equipment and materials presently existing at the Facilities at the time of execution of this Contract will remain the property of the Customer even if it is replaced or its operation made unnecessary by work performed by Chevron ES pursuant to this Contract. If applicable, Chevron ES will advise Customer in writing of all equipment and materials that will be replaced at the Facilities and Customer will, within five (5) business days of Chevron ES's notice, designate in writing to Chevron ES which replaced equipment and materials that should not be disposed of off-site by Chevron ES ( "Retained Items"). It is understood and agreed to by both Parties that Customer will be responsible for and designate the location and storage for the Retained Items. Chevron ES will be responsible for the disposal of replaced equipment and materials, except for the Retained Items. Chevron ES will use commercially reasonable efforts to remove the Retained Items in such a manner as to avoid damage thereto, or if it is unreasonable to avoid damage altogether, to minimize the damage done. Chevron ES will not be responsible for the removal and/or disposal of any Hazardous Materials or substances except as required by the Scope of Work.

**SECTION 8. LOCATION AND ACCESS**

Customer will provide sufficient space at the Facilities for the performance of the Work and the installation, storage, and operation of any equipment and materials and will take reasonable steps to protect any such equipment and materials from harm, theft and misuse. Customer will provide access to the Facilities, including parking permits and identification tags, for Chevron ES and subcontractors to perform its Work hereunder during regular business hours, or such other reasonable hours as may be requested by Chevron ES and acceptable to Customer. The Customer will also either provide a set or sets of keys to Chevron ES and its subcontractors (signed out per Customer policy) or provide a readily available security escort to unlock and lock doors. Customer will not unreasonably restrict Chevron ES's access to Facilities to make emergency repairs or corrections as it may determine are needed.

**SECTION 9. INDEMNIFICATION / INSURANCE / BONDS**

Section 9.1. Indemnification. To the full extent permitted by law, each Party will indemnify, hold harmless, release and defend the other Party, its officers, employees, and agents from and against any and all actions, claims,

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demands, damages, disability, losses, expenses including attorney's fees and other defense costs and liabilities of any nature that may be asserted by any person or entity in whole or in part, arising out of that Party's activities hereunder, including the activities of other persons employed or utilized by that Party in the performance of this Contract excepting liabilities due to the negligence or willful misconduct of the indemnified Party. This indemnification obligation is not limited in any way by any limitations of any insurance held or provided by Chevron ES and will continue to bind the parties after termination/completion of this Contract.

Section 9.2 Waiver of Consequential Damages and Limitation of Liability. Under no circumstances will either Party be liable to the other Party for any special, indirect, incidental, consequential or punitive damages, however caused and on any theory of liability. "Consequential damages" includes, but is not limited to, operational losses in the performance of business including lost revenues and any increase in operating expense, and any lost profits. It is expressly understood and agreed to by both Parties that each Party's liability to the other will be limited to reimbursement of only those Losses arising solely from a Party's breach of this Contract, negligence or willful misconduct. "Losses" means claims, actions, direct damages, liabilities, costs and/or expenses (including reasonable attorneys' fees).

Section 9.3 Chevron ES Insurance. Chevron ES will maintain, or cause to be maintained, for the duration of this Contract, the insurance coverage outlined in (i) through (vii) below, and all such other insurance as required by applicable law. Evidence of coverage will be provided to Customer via a Self Administered Claims Letter.

(i) Workers' Compensation/Employers Liability for states in which Chevron ES is not a qualified self-insured. Limits as follows:

- \* Workers' Compensation - Statutory
- \* Employers Liability - Bodily Injury by accident \$1,000,000 each accident  
Bodily Injury by disease \$1,000,000 each employee  
Bodily Injury by disease \$1,000,000 policy limit

(ii) Commercial General Liability insurance with limits of :

- \* \$1,000,000 each occurrence for Bodily Injury and Property Damage
- \* \$1,000,000 General Aggregate - other than Products/Completed Operations
- \* \$1,000,000 Products/Completed Operations Aggregate
- \* \$1,000,000 Personal & Advertising Injury
- \* \$ 100,000 Damage to premises rented to Chevron ES

Coverage to be written on a Claims-made form. Coverage to be at least as broad as ISO form CG 0002 (12/07), without endorsements that limit the policy terms with respect to: (1) provisions for severability of interest and (2) explosion, collapse, underground hazard.

(iii) Auto Liability insurance for owned, hired and non-owned vehicles with limits of \$1,000,000 per accident. Coverage to be written on an Occurrence form.

(iv) Professional Liability insurance with limits of:

- \* \$1,000,000 per occurrence
- \* \$1,000,000 aggregate

Coverage to be written on a Claims-made form.

(v) Excess Liability insurance. Limits as follows:

- \* \$1,000,000 each occurrence
- \* \$1,000,000 aggregate

Coverage terms and limits to apply excess of the per occurrence and/or aggregate limits provided for Commercial General Liability and Professional Liability written on a claims made form. Coverage terms and limits also to apply in excess of those required for Employers Liability and Auto Liability written on an occurrence form.

(f) Policy Endorsements.

- \* The insurance provided for Workers' Compensation and Employers' Liability above will contain waivers of subrogation rights against Customer, but only to the extent of the indemnity obligations contained in this Contract.
- \* The insurance provided for Commercial General Liability and Auto Liability above will:
  - (i) include the Customer as an additional insured with respect to Work performed under this Contract, but only to the extent of the indemnity obligations contained in this Contract, and

- (ii) provide that the insurance is primary coverage with respect to all insureds, but only to the extent of the indemnity obligations contained in this Contract.

(vii) In lieu of any insurances required in this Section, Chevron ES may self insure hereunder and use a Self Administered Claims Program for this purpose. Chevron ES will notify Customer in writing 30 days prior to cancellation of the Self Administered Claims Program.

Section 9.4 Performance and Payment Bonds. Prior to commencing Work under this Contract, Chevron ES will furnish a Performance Bond in an amount equal to one hundred percent (100%) of the Contract Amount, and a Payment Bond to guarantee payment of all claims for labor and materials furnished, in an amount equal to one hundred percent (100%) of the Contract Amount (collectively "Contract Bonds"). The Contract Bonds will be maintained in full force and effect until Final Completion; provided that upon the achievement of Substantial Completion, the value of the Contract Bonds will be reduced to the value of the Retainage then being withheld by Customer. The bonds are not being furnished to cover the performance of any energy guaranty or guaranteed savings under this Contract. Customer agrees that upon Final Completion, the Performance and Payment Bonds will be released and all obligations arising thereunder will be terminated.

## **SECTION 10. CONDITIONS BEYOND CONTROL OF THE PARTIES**

Section 10.1 Force Majeure Events. Neither Party will be considered to be in default in the performance of any material obligation under this Contract (other than the obligation to make payments) when a failure of performance will be due to an event of Force Majeure. The term "Force Majeure" will mean any cause beyond the control of the affected Party and which by the exercise of due diligence such Party could not reasonably have been expected to avoid and which it has been unable to overcome. A list of Force Majeure events are listed in the definition section of **Attachment B, "Design/Build Terms and Conditions"**. Neither Party will be relieved of its obligation to perform if such failure is due to causes arising out of its own negligence or due to removable or remediable causes which it fails to remove or remedy within a reasonable time period. Either Party rendered unable to fulfill any of its obligations under this Contract by reason of an event of Force Majeure will give prompt written notice of such fact to the other Party.

Section 10.2 Utility Work. Customer expressly understands and agrees that the definition "Force Majeure" above also includes any Interconnection Facilities work that may need to be performed by Pacific Gas & Electric Company ("Utility") in order for Chevron ES to fully implement the Project. "Interconnection Facilities" will mean any distribution or transmission lines and other facilities that may be required to connect equipment supplied under this Contract to an electrical distribution/transmission system owned and maintained by the Utility. Any Interconnection Facilities work that may be required will be performed by the Utility under a separate contract between Customer and the Utility.

## **SECTION 11. EVENTS OF DEFAULT**

Section 11.1. Events of Default by Customer. Each of the following events or conditions will constitute an "Event of Default" by Customer:

- (i) any failure by Customer to perform or comply with the terms and conditions of this Contract, including breach of any covenant contained herein, and such failure continues for thirty (30) calendar days after notice to Customer demanding that such failure to perform be cured; provided that (i) such failure to perform will not be deemed a default hereunder if it is due to causes beyond the control of Customer pursuant to Section 10 above; and (ii) if such cure cannot be effected in thirty (30) calendar days, Customer will be deemed to have cured the default upon the commencement of a cure within thirty (30) calendar days and diligent subsequent completion thereof; or

- (ii) any representation or warranty furnished by Customer in this Contract which was false or misleading in any material respect when made; or

- (iii) any failure by Customer to pay any amount to Chevron ES which is not paid within ten (10) days of written notice from Chevron ES that the amount is past due.

Section 11.2. Events of Default by Chevron ES. Each of the following events or conditions will constitute an "Event of Default" by Chevron ES:

- (i) any failure by Chevron ES to perform or comply with the terms and conditions of this Contract, including breach of any covenant contained herein, and such failure continues for thirty (30) calendar days after notice to Chevron ES demanding that such failure to perform be cured; provided that (i) such failure to perform will not be deemed a default hereunder if it is due to causes beyond the control of Chevron ES pursuant to Section 10 above, and (ii) if such cure cannot be effected in thirty (30) calendar days, Chevron ES will be deemed to have cured the default upon the commencement of a cure within thirty (30) calendar days and diligent subsequent completion thereof; or

(ii) any representation or warranty furnished by Chevron ES in this Contract which was false or misleading in any material respect when made; or

(iii) any lien or encumbrance is placed upon the equipment by any subcontractor, laborer, or supplier of Chevron ES, which is not timely removed by Chevron ES; provided that Chevron ES has been duly paid for the Work and such lien or encumbrance is not the result of any act or failure to act of Customer.

## **SECTION 12. REMEDIES UPON DEFAULT**

Section 12.1. Remedies upon Default by Customer. If an Event of Default by Customer occurs, Chevron ES will be entitled to obtain any available legal or equitable remedies through arbitration proceedings instituted pursuant to Section 16 below including, without limitation, terminating this Contract or recovering amounts due and unpaid by Customer, and/or damages which will include Chevron ES's reasonable, actual, direct out-of-pocket losses incurred by reason of such Event of Default and any cost of funding; loss of anticipated payment obligations; legal fees and arbitration costs; and any payment or delivery required to have been on or before the date of the Event of Default and not made, including Interest (as defined in **Attachment B, "Design/Build Terms and Conditions"** Article 1) on any sums due, and losses and costs incurred as a result of terminating this Contract and all costs and expenses reasonably incurred in exercising the foregoing remedies.

Section 12.2. Remedies Upon Default by Chevron ES. If an Event of Default by Chevron ES occurs, Customer will be entitled to obtain any available legal or equitable remedies through arbitration proceedings instituted pursuant to Section 16 below, including, without limitation, terminating this Contract, or recovering amounts due and unpaid by Chevron ES and/or damages, which will include Customer's reasonable, actual, direct out-of-pocket losses incurred by reason of such Event of Default and any cost of funding; loss of anticipated payment obligations; legal fees and arbitration costs; and any payment or delivery required to have been on or before the date of the Event of Default and not made, including Interest on any sums due, and losses and costs incurred as a result of terminating this Contract and all costs and expenses reasonably incurred in exercising the foregoing remedies.

## **SECTION 13. ASSIGNMENT**

Section 13.1. Assignment. This Contract may not be assigned by either party in whole or in part without the prior written consent of the other party, which consent may not be unreasonably withheld or delayed; provided however, that Chevron ES may assign this Contract and all related contracts without the consent of Customer (i) to an affiliate; (ii) to an entity that is controlled by, controls, or is under common control with Chevron ES; or (iii) pursuant to a merger, consolidation, transfer of substantially all its assets, or by operation of law; and provided further that Chevron ES may assign its rights, but not its obligations, under this Contract and all related contracts without the consent of Customer to (x) a lender providing financing to Chevron ES, or (y) a special purpose entity that is an affiliate of or is controlled by such lender. This Contract will be binding on, enforceable by, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. Any assignment made in contravention of this clause will be void and unenforceable.

## **SECTION 14. SUBCONTRACTORS**

Section 14.1 Authority to Subcontract. Chevron ES may delegate its duties and performance under this Contract, and will have the right to enter into agreements with any subcontractors and other service or material providers as Chevron ES will select in its discretion to perform the Work hereunder. Chevron ES will not be required to enter into any subcontracts with parties whom Chevron ES has not selected or subcontractors whom Chevron ES has objection to using.

Section 14.2 Prompt Payment of Subcontractors. Chevron ES will promptly pay, when due, all amounts payable for labor and materials furnished in the performance of this Contract so as to prevent any lien or other claim under any provision of the law from arising against any Customer property, against the contractor's rights to payments hereunder, or against Customer.

Section 14.3 Responsibility. Chevron ES will, at all times, be responsible for the negligent acts, errors and/or omissions of its subcontractors and agents. Nothing in this Contract will constitute any contractual relationship between any others and the Customer or any obligation on the part of the Customer to pay, or to be responsible for the payment of, any sums to any Chevron ES subcontractors.

## **SECTION 15. DISPUTE RESOLUTION**

Section 15.1 Dispute Resolution. In the event of a dispute, claim, or controversy arising out of or in connection with this Contract, the Parties through their designated representatives/program managers agree to confer and attempt to resolve the matter informally. If such dispute cannot be resolved in this manner within ten (10) business days after notice of the dispute is given to the other Party, then the matter will be referred to the Parties' senior officers for their review and resolution. If the matter cannot be resolved by such officers within fifteen (15) business days

following such referral, the matter will be arbitrated and either Party may file a written demand for arbitration with the American Arbitration Association (“AAA”) and will send a copy of such demand to the other Party. The arbitration will be conducted pursuant to the appropriate AAA Arbitration Rules in effect at the time the arbitration is commenced. For amounts in excess of \$75,000, AAA Regular Track Procedures will apply. For lesser disputed amounts, AAA Fast Track Procedures will apply. The award rendered by the arbitrator will be final and binding on the Parties and will be deemed enforceable in any court having jurisdiction thereof and of the Parties. The arbitration will be heard by one arbitrator, who will have experience in the general subject matter to which the dispute relates. The arbitration will take place at the AAA office geographically closest to the site where the Work or Services has been performed.

Section 15.2 Attorneys' Fees. The prevailing Party in any action or arbitration proceeding brought to enforce the terms of this Contract or arising out of this Contract (including actions to enforce an arbitration award) may recover its reasonable costs and attorneys' fees expended in connection with such an action or arbitration proceeding from the other Party.

## **SECTION 16. REPRESENTATIONS AND WARRANTIES**

Each Party warrants and represents to the other that:

(i) it has all requisite power, authority, licenses, permits, or otherwise, to execute and deliver this Contract and perform its obligations hereunder;

(ii) the execution, delivery, and performance of this Contract have been duly authorized by, or are in accordance with, Chevron ES's Board of Directors and Customer's governing entity, and this Contract has been duly executed and delivered for it by the signatories so authorized, and it constitutes its legal, valid, and binding obligation;

(iii) its execution, delivery, and performance of this Contract will not breach or violate, or constitute a default under any Contract, lease or instrument to which it is a Party or by which it or its properties may be bound or affected; and

(iv) it has not received any notice, nor to the best of its knowledge is there pending or threatened any notice, of any violation of any applicable laws, ordinances, regulations, rules, decrees, awards, permits or orders which would materially and adversely affect its ability to perform hereunder.

## **SECTION 17. WAIVER OF LIENS**

Upon request from Customer, Chevron ES will provide Customer with Progress Payment Waivers and Releases for Work Chevron ES has been paid up to that date. Upon receipt by Chevron ES of final payment for the Work (including payment of any Retainage), Chevron ES will provide Customer with a Final, Unconditional Waiver and Release.

## **SECTION 18. TERMINATION**

Section 18.1 Termination for Cause. If there is an Event of Default by either Party under this Contract, pursuant to the provisions of Section 12 unless such Event of Default has been cured within the applicable time periods for a cure set forth in such Section 12 in addition to the remedies provided for in Section 13 the non-defaulting Party may terminate this Contract by providing three (3) business days' notice to the defaulting Party in the case of a monetary default and ten (10) business days' notice to the defaulting Party in the case of a non-monetary default. Upon termination of this Contract, each Party will promptly return to the other all papers, materials, and property of the other held by such Party in connection herewith. Each Party will also assist the other in the orderly termination of this Contract and the transfer of all aspects hereof, tangible and intangible, as may be necessary for the orderly, non-disrupted business continuation of each Party. If the Contract is terminated as a result of an Event of Default by Customer, Chevron ES will be entitled to payment for Work satisfactorily performed, earned profit and overhead, and costs incurred in accordance with this Contract up to the date of termination (including, without limitation, reimbursement of the \$76,250 CSI application fee).

Section 18.2 Termination for Convenience. Both Chevron ES and Customer have the right to terminate this Contract upon mutual written agreement by both Parties hereto. If the Contract is so terminated by mutual agreement, except as set forth in Section 1.5, Chevron ES will be entitled to payment for all Work performed, earned profit and overhead, and costs incurred in accordance with this Contract up to the date of termination (including, without limitation, reimbursement of the \$76,250 CSI application fee).

## **SECTION 19. CONSTRUCTION OF CONTRACT**

This Contract is the result of arms-length negotiations between two sophisticated parties and ambiguities or uncertainties in it will not be construed for or against either Party, but will be construed in a manner that most accurately reflects the intent of the Parties when such Contract was executed.

**SECTION 20. BINDING EFFECT**

Except as otherwise provided herein, the terms and provisions of this Contract will apply to, be binding upon, and inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors, and permitted assigns.

**SECTION 21. INDEPENDENT CONTRACTOR**

The Parties hereto agree that Chevron ES, and any agents and employees of Chevron ES, its subcontractors and/or consultants, in the performance of this Contract, will act in an independent capacity and not as officers, employees, or agents of Customer.

**SECTION 22. NO WAIVER**

The failure of Chevron ES or Customer to insist upon the strict performance of the terms and conditions of this Contract will not constitute or be construed as a waiver or relinquishment of either Party's right to thereafter enforce the same in accordance with this Contract in the event of a continuing or subsequent default on the part of Chevron ES or Customer.

**SECTION 23. SEVERABILITY**

In the event that any clause or provision of this Contract or any part thereof becomes or will be declared by a court of competent jurisdiction invalid, illegal, void, or unenforceable, this Contract will continue in full force and effect without said provisions, provided that no such severability will be effective if it materially changes the benefits or obligations of either Party hereunder.

**SECTION 24. ORDER OF PRECEDENCE**

This Contract, when executed, together with all Attachments, will constitute the entire Contract between the Parties; and the Contract cannot be amended, modified, or terminated except by a written instrument, executed by both Parties hereto. If there are any inconsistencies between the Contract, Attachments, and Construction Documents as defined in the General Terms and Conditions for Implementation and Construction, these inconsistencies will be resolved by giving precedence in the order listed below:

- (1) Construction Documents
- (2) Energy Services Contract
- (3) Attachment A – “General Terms and Conditions”
- (4) Attachment B – “Design/Build Terms and Conditions”
- (5) Attachment D – “Scope of Work”
- (6) Attachment H – “Monitoring Installation Scope of Work”
- (7) Attachment I – “Preventive Maintenance”
- (8) Attachment F – “Progress Payment Schedule”
- (9) Attachment C – “Customer’s Facilities”
- (10) Attachment E – “Project Schedule”
- (11) Attachment G – “List of Incentives”

**SECTION 25. APPLICABLE LAW**

This Contract and the construction and enforceability thereof will be interpreted under the laws of the State of California. The Parties consent to personal jurisdiction and venue of the State and Federal Courts within the Kings County, California.

**SECTION 26. NOTICE**

Any notice required or permitted hereunder will be deemed sufficient if given in writing and delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, or delivered to a nationally recognized express mail service, charges prepaid, receipt obtained, or fax with proof of transmission, to the address shown below or to such other persons or addresses as are specified by similar notice.

**Energy Services Contract  
City of Lemoore and Chevron Energy Solutions Company**

TO CHEVRON ES: Chevron Energy Solutions Company  
145 South State College Boulevard, Suite 400  
Brea, CA 92821  
Tel: 714-671-3220  
Fax: 714-671-3438  
Attention: Jonathan Brown, Project Manager

With a COPY TO: Legal Department  
Chevron Energy Solutions Company  
345 California Street, 18th Floor  
San Francisco, CA 94104-2624  
Tel: 415-733-4500  
Fax: 415-733-4957  
Attention: Contract Administrator

TO CUSTOMER: City of Lemoore  
119 Fox Street  
Lemoore, CA 93245  
Tel: 559-924-6700  
Fax: 559-924-9003  
Attention: City Manager

With a COPY TO: Offices of Lozano Smith  
7404 N. Spalding Avenue  
Fresno, CA 93720-3370  
Tel: (559) 431-5600  
Fax: (559) 261-9366  
Email:  
Attention: Laurie Avedisian

**SECTION 27. HEADINGS**

Headings and subtitles used throughout this Contract are for the purpose of convenience only, and no heading or subtitle will modify or be used to interpret the text of any section.

**SECTION 28. CONFLICTS OF INTEREST**

Conflicts of interest relating to this Contract are strictly prohibited. Except as otherwise expressly provided herein, no Party nor any director, employee or agent of any Party will give to or receive from any director, employee or agent of any other Party any gift, entertainment or other favor of significant value, or any commission, fee or rebate in connection with this Contract. Likewise, no Party nor any director, employee or agent of any Party, will without prior notification thereof to all Parties enter into any business relationship with any director, employee or agent of another Party or of any Affiliate of another Party, unless such person is acting for and on behalf of the other Party or any such Affiliate. A Party will promptly notify the other Parties of any violation of this section and any consideration received as a result of such violation will be paid over or credited to the Party against whom it was charged. Any representative of any Party, authorized by that Party, may audit the records of the other Parties related to this Contract, including the expense records of the Party's employees involved in this Contract, upon reasonable notice and during regular business hours, for the sole purpose of determining whether there has been compliance with this Section.

**SECTION 29. CREDITWORTHINESS**

If, at any time, Customer's credit rating falls below investment grade as defined by Moody's Investors Services (or other nationally-recognized independent rating agency), Customer agrees to provide Chevron ES with current information regarding its creditworthiness upon the request of Chevron ES. At its sole option, Chevron ES may then require Customer to provide security satisfactory to Chevron ES, and the Work may be withheld until such security is received. If Customer deposits the Contract Amount into a third-party escrow account with an escrow agent and agreement acceptable to Chevron ES, then the terms of this paragraph are not applicable.

**SECTION 30. AMERICAN RECOVERY AND REINVESTMENT ACT**

In the event Customer is using American Recovery and Reinvestment Act ("ARRA") funding, in whole or in part, to pay for the Scope of Work set forth in this Contract, Customer acknowledges and agrees that the supplies and services hereunder are being procured and purchased under state or local procurement laws and Chevron ES is a "vendor" or "contractor" hereunder. As such, Customer agrees that Chevron ES is not a recipient, grantee, awardee, subrecipient, subgrantee or subawardee of ARRA funds hereunder. In the event that after Contract execution the

awarding agency or a court of proper jurisdiction determines that Chevron ES is a recipient, grantee, awardee, subrecipient, subgrantee or subawardee under the ARRA funded grant rather than a “vendor” or “contractor”, Chevron ES reserves the right to terminate this Contract at its discretion pursuant to the termination for convenience provision set forth in this Contract. Customer agrees to release, defend, indemnify, and hold Chevron ES harmless from and against any claims, costs, or damages arising out of or related to such a determination notwithstanding any other provisions in this Contract.

**SECTION 31. EXPORT CONTROL; PROHIBITED PARTIES**

Section 31.1 The Parties understand and acknowledge that confidential information exchanged under this Contract may be subject to compliance with any and all applicable United States laws, regulations, or orders, including those that may relate to the export of technical data. The Parties agree to comply with all such laws, regulations, and orders, including, if applicable, all requirements of the International Traffic in Arms regulations and/or the Export Administration Act, as may be amended. Each Party further agrees to comply with any export license requirements that govern the export, re-export, transfer, or release of confidential information provided hereunder. Each Party agrees to provide an Export Classification Number (ECCN) or USML Classification Number to the receiving Party in writing for all confidential information that is classified with an Export Control Classification Number (ECCN) other than EAR99 or is classified on the USML. The ECCN and USML Classification, if required will be provided at the time the confidential information is provided to the receiving Party. If a disclosing Party provides confidential information subject to the terms of an export license or other export authorization, the disclosing Party will notify the receiving Party in writing of any restrictions on the use, transfer, distribution, or re-export of the confidential information contained in said export license or authorization. Chevron ES and its Affiliates will not be obligated to perform any obligations hereunder if and to the extent that any such performance is prohibited by or contrary to any applicable U.S. laws or regulations, including U.S. export regulations. An entity is deemed to “control” another if it owns directly or indirectly at least fifty percent of either of the shares entitled to vote at a general election of directors of such other entity or the voting interest in such other entity if such entity does not have either shares or directors.

Section 31.2 Chevron ES is a United States company with a policy requiring it to comply with all applicable laws, including economic sanctions and trade restrictions imposed by the United States government. Chevron ES has undertaken to provide its parent organization with any information relevant to its potential involvement with any party that may be the target of such sanctions and restrictions. Accordingly, Customer will provide Chevron ES with ninety (90) days advance notice of the names and addresses of any member of Customer’s organization which may be any of the following:

- (a) The target of, or owned or subject to control by any country, institution, organization, entity or person that is the target of, economic sanctions and trade restrictions imposed by the United States government.
- (b) Debarred or otherwise excluded or declared ineligible to participate in United States government contracts or contracts, grants or other programs financed in whole or in part by the United States government.
- (c) Listed by the United States Departments of Commerce or State as an entity with which United States persons may not engage in export or re-export related transactions.

**ATTACHMENT B  
DESIGN/BUILD TERMS AND CONDITIONS**

**ARTICLE 1. DEFINITIONS**

For purposes of the Energy Services Contract, and its Attachments, the defined terms herein will have the meaning set forth as follows:

1. **Applicable Laws**: “Applicable Laws” will mean all laws, building codes, rules, regulations, or orders of any federal, state, county, local, or other governmental body, agency, or other authority having jurisdiction over the performance of the Work, as may be in effect at the time the Work is undertaken.
2. **Applicable Permits**: “Applicable Permits” will mean all permits, waivers, authorizations, or licenses issued or required to be issued by any federal, state, county, local, or other governmental body, agency, or other authority having jurisdiction over the performance of the Work, as may be in effect at the time the Work is undertaken.
3. **Beneficial Use**: “Beneficial Use” will mean when major new equipment and systems included in the Scope of Work are properly installed, inspected, operational, and are being used for their intended purpose. A Certificate of Beneficial Use, which identifies when Customer took Beneficial Use of the Work, will be prepared and issued by Chevron ES to the Customer and Subcontractor. Beneficial Use of equipment/systems criteria will be established as defined in **Attachment D, “Scope of Work”**.
4. **Change**: “Change” will mean any addition to, deletion from, suspension of, or other modification to the quality, function, or intent of the Work, including without limitation any such addition, deletion, suspension, or other modification that effects a change in the Scope of Work that is specified by the Contract. An unforeseen condition experienced by Chevron ES during the course of the Work is included within the definition of “Change”.
5. **Change Order**: “Change Order” will mean a written document signed by both Chevron ES and the Customer that authorizes Chevron ES to perform a change and/or modification to the Scope of Work. The Change Order will modify the Scope of Work and will identify: (1) the change and/or modification to the Scope of Work; (2) any additional compensation to be paid to Chevron ES to perform such change and/or modification; and (3) any revision of the Project Schedule or extensions of Time to perform such change and/or modification.
6. **Claims**: “Claims” will mean any and all actions, claims, losses, damages, expenses, or liabilities of either party arising from or as a result of these Terms and Conditions, the Contract, any addenda to the Contract, and/or Change Orders.
7. **Construction**: “Construction” will mean any Work to be performed that involves any and all construction, alteration, repair, installation or removal of equipment, addition to, subtraction from, improving, moving, wrecking or demolishing any building, parking facility, excavation, or other structure or improvement, or any part thereof.
8. **Construction Documents**: “Construction Documents” will mean the final designs, drawings, and specifications that are used for construction, and any Change Orders affecting those documents, that describe the technical requirements for the installation of all the materials and equipment pursuant to the Contract and its Attachments.
9. **Contract**: “Contract” will mean the Contract and all Attachments attached thereto which are incorporated therein, as it may be amended or modified from time to time in accordance with the provisions thereof.
10. **Contract Amount**: “Contract Amount” will mean twelve million, eight-hundred ninety thousand dollars (\$12,890,000), which is the amount of compensation that will be paid by Customer to Chevron ES for performing the Work in accordance with the Scope of Work.
11. **Contract Term**: The “Contract Term” will commence on the Contract Effective Date and cease upon Final Completion.
12. **Contract Documents**: “Contract Documents” will mean the Contract, the Construction Documents, Change Orders, and any amendments thereto.
13. **Excusable Delay**: “Excusable Delay” will mean Chevron ES will be entitled to an extension of Time and/or additional compensation caused by an Excusable Delay that will be defined as (1) by an act or failure to act of, or other delay caused by, Customer or its agents or employees; (2) by failures of any governmental authorities to make timely inspection of the Work or by unanticipated efforts necessary to secure governmental approvals for the Project; (3) by delays resulting from the securing of permits for the Work; (4) by labor disputes, fire, vandalism, delay in manufacturing and deliveries; (5) by adverse weather conditions not reasonably anticipated; (6) by unforeseen site conditions, including discovery or existence of Hazardous Substances; (7) by unavoidable casualties or other causes beyond Chevron ES’s control; (8) by delays caused by processing Change Orders requested by or agreed to by Customer, or resulting from the implementation of any Change Order; or (9) by delay caused by pending arbitration, or (10) any other cause outside Chevron ES’s control.
14. **Final Completion**: “Final Completion” will mean when 100% of the engineering and construction Work as identified in the Scope of Work has been completed, including completion of all required training, and delivery to the Customer of the final close-out documentation (as-built drawings, O&M Manuals, and warranty documentation). A Certificate of Final

Completion may be executed for an individual subcontract, a specific building, a portion of the Work, or the entire Work. A Certificate of Final Completion will be executed at the Final Completion of the entire Work.

15. **Force Majeure:** "Force Majeure" will mean those events caused beyond the control of the affected Party and which by the exercise of due diligence such Party could not reasonably have been expected to avoid and which it has been unable to overcome, including acts of God and the public enemy; relocation or construction of transmission facilities or the shutdown of such facilities for the purpose of necessary repairs; work by local Utility; flood, earthquake, tornado, storm, fire; civil disobedience, labor disputes, strikes, labor or material shortages, delay in manufacturing and deliveries of equipment; sabotage; restraint by court order or public authority (whether valid or invalid), and/or inability to obtain or keep in force the necessary governmental authorizations, permits, licenses, certificates or approvals if not caused by the fault of the Party asserting the Force Majeure.
16. **Hazardous Substances:** "Hazardous Substances" will mean any hazardous, toxic, or dangerous wastes, substances, chemicals, constituents, contaminants, pollutants, and materials and any other carcinogenic, liquids, corrosive, ignitable, radioactive, reactive, toxic, or otherwise hazardous substances or mixtures (whether solids, liquids, gases) now or at any time subject to regulation, control, remediation, or otherwise addressed under Applicable Laws; (i) any "hazardous substance" as defined by the Resource, Conservation and Recovery Act of 1976 (42 United States Code ("U.S.C.") , Section 6901 et seq.), as amended, and regulations promulgated thereunder; (ii) any "hazardous, toxic or dangerous waste, substance or material" specifically defined as such in U.S.C. Section 9601 et seq.), as amended and regulations promulgated thereunder; and (iii) any hazardous, toxic or dangerous waste, substance, or material as defined in any so-called "superfund" or "superlien" law.
17. **Installation:** "Installation" will mean the setting up, construction, and placement of any equipment or materials in the manner it will be operated, in accordance with the Scope of Work and in accordance with all Applicable Laws.
18. **Interest:** "Interest" will mean interest calculated at the lesser of the per annum rate of interest announced from time to time by Citibank, at its "prime" rate for commercial loans plus two percent (2%) or the maximum rate permitted by Applicable Laws.
19. **Losses:** "Losses" will mean claims, actions, damages, losses, liabilities, costs, and/or expenses including reasonable attorney's fees.
20. **Material Changed Condition:** "Material Changed Condition" will mean one or more of the following conditions that impact the Project Schedule and/or the Contract Amount: (i) parties outside the control of Chevron ES caused delays; (ii) the discovery of differing and unexpected site conditions not previously disclosed by Customer and could not have been readily discoverable by Chevron ES prior to start of Work; (iii) the discovery of Hazardous Substances not previously disclosed; (iv) adverse weather conditions not reasonably anticipated; (v) delay in equipment and material deliveries outside Chevron ES's control; and (vi) any other condition that could not have been reasonably anticipated by the Parties and is outside Chevron ES's control.
21. **Party or Parties:** "Party" or "Parties" will mean Chevron ES, Customer, each or both of them, as the context may require pursuant to the terms and conditions of the Contract.
22. **Project:** "Project" will mean the entirety of Work to be performed by Chevron ES pursuant to the terms and conditions of the Scope of Work, and any Change Orders, as well as all efforts of Customer, and other entities, all as an integrated whole.
23. **Project Location:** "Project Location" will mean that area or areas where the Project materials and equipment and any other energy related equipment as described in the Scope of Work will be performed and/or installed.
24. **Scope of Work:** "Scope of Work" will mean the Work to be performed hereunder by Chevron ES, and/or Chevron ES's subcontractors, pursuant to the Scope of Work (as amended by Change orders), and in accordance with the terms and conditions of the Contract and its Attachments, as amended.
25. **Substantial Completion:** "Substantial Completion" will mean the stage in the progress of the Work or portion of the Work, where the Work or portion of the Work is sufficiently complete in accordance with the Contract Documents so that Customer can utilize and take beneficial use of the Work for its intended use or purpose. A Certificate of Substantial Completion may be executed for an individual subcontract, a specific building, a portion of the Work, or the entire Work.
26. **Time:** "Time" will mean the time period within which Chevron ES will complete the Work.
27. **Work:** "Work" will mean the design, procurement, installation and/or construction required for the Project and includes all labor necessary to produce such services, all materials, fabrication, assemblies, and equipment incorporated or to be incorporated in such construction necessary to achieve Final Completion of the Project, including such materials and equipment which may be consumed or use but not actually incorporated in such construction. The Work may include design, supplying, installing, constructing, maintaining, operating, and warranting certain materials and equipment, and providing any other energy-related services specified in the Scope of Work.

**ARTICLE 2. PROJECT IMPLEMENTATION - GENERAL**

1. **Project Meetings/Status Updates.** During the Design and Construction Phases of the Project, Chevron ES will meet with Customer to review equipment, scope of work, and installation plans that relate to the design and construction of the Project. Also during the course of the Work, Chevron ES will periodically provide reports to the Customer of the general status and progress of the Work.
2. **Project Location Access.** Customer hereby grants to Chevron ES, without cost to Chevron ES, all rights of ingress and egress at the Project Location identified in the Scope of Work, necessary for Chevron ES to perform all Work and provide all services contemplated by the Contract and the Scope of Work. Chevron ES will provide 24 hour advanced notice to Customer for access to any Customer Facilities.
3. **Project Schedule.** The Project Schedule attached hereto as **Attachment E, "Project Schedule"**, is a preliminary, estimated Project Schedule. During the course of Project implementation, both the Customer and Chevron ES will perform their respective obligations in an expeditious manner that is consistent with reasonable skill and care for the type of project described in the Scope of Work and in keeping with the orderly progress of the Work pursuant to the terms of the Scope of Work. The estimated Project Schedule will be finalized during the completion of the Construction Documents, provided that the final Project Schedule will be subject to amendment and revision to take into account any Excusable Delays. Subject to any such Excusable Delays, Chevron ES and its subcontractors will work diligently to implement the Project in accordance with the Project Schedule and Chevron ES will notify Customer regarding any and all revisions to the Project Schedule necessitated by such delay.

**ARTICLE 3. FINAL DESIGN PHASE – CONSTRUCTION DOCUMENTS / EQUIPMENT PROCUREMENT.**

1. **General Provisions.**

- (a) As soon as possible after the Contract Effective Date, Chevron ES will proceed with the preparation of any necessary designs, drawings, and specifications related to the Scope of Work identified in **Attachment D**.
- (b) Upon the issuance of the Notice to Proceed and upon completion of the design phase, Chevron ES will order the equipment identified in the Scope of Work, and any other necessary materials and supplies.
- (c) Customer will designate a single-point representative with whom Chevron ES will consult on a reasonable, regular basis and who is authorized to act on Customer's behalf with respect to the Project design. Customer's representative will render decisions in a timely manner with regard to any documents submitted by Chevron ES and to other requests made by Chevron ES in order to avoid unreasonable delay in the orderly and sequential progress of Chevron ES's design services.
- (d) Within ten (10) business days of Chevron ES's request, Customer will:
  - 1) furnish all surveys or other information in Customer's possession that describe the physical characteristics, legal limitations, and utility locations in and around the Project Location;
  - 2) disclose any prior environmental review documentation and all known information in its possession concerning subsurface conditions, including without limitation the existence of any known Hazardous Substances, in or around the general area of the Project Location where the Work will be performed pursuant to the Scope of Work;
  - 3) supply Chevron ES with all relevant information in Customer's possession, including any as-built drawings and photographs, of prior construction undertaken in the general area where the Work will be performed pursuant to the Scope of Work; and
  - 4) obtain any and all easements, zoning variances, planning approvals, including any resolution of any environmental impact issues, and any other legal authorization regarding utilization of the Project Location site essential to the execution of the Work.
- (e) All information furnished pursuant to this section will be supplied at Customer's expense, and Chevron ES is entitled to rely upon the accuracy and completeness of all information provided. Customer acknowledges that any failure to provide the information specified in subsection (d) above to Chevron ES may result in an Excusable Delay as defined herein.
- (f) In the event that any information is disclosed under this section that constitutes a Change to the Work and/or is a Material Changed Condition, Chevron ES will provide notice to Customer within ten (10) business days after receipt of this information, and the parties will meet and confer with respect to those Changes. If Customer authorizes a Change Order, Chevron ES will be compensated, and receive an extension of Time for performance, if necessary, to perform the additional Work in accordance with Terms and Conditions. If the parties are unable to agree on whether Customer's disclosed information constitutes a Change to the Work or a Material Changed Condition, those disputes will be resolved in accordance with Section 15 of **Attachment A** of the Contract.
- (g) Chevron ES contemplates that it will not encounter any Hazardous Substances at the Project Location, except as has been disclosed as a Pre-Existing Condition by the Customer prior to the execution of the Contract. However,

any disclosure of Hazardous Substances that will affect the performance of the Work after the execution of the Contract will constitute a valid basis for a Change Order pursuant to these Terms and Conditions.

- (h) Customer agrees that for the Work on the Project hereunder, Chevron ES will be the “designer” as that term is identified in the Energy Policy Act of 2005, and Chevron ES will have the exclusive right to any federal, state, or local agency, authority or other party, including without limitation under Section 179(b) of the Energy Policy Act of 2005, any tax benefit associated with the Work. Upon Final Completion, Customer agrees to execute a written allocation including a declaration related to Internal Revenue Code §179D. Chevron ES will prepare the declaration and all accompanying documentation. Chevron ES will be designated the §179D beneficiary.
2. **Review of Construction Documents.** Chevron ES will prepare and submit all designs, drawings, and specifications to the Customer for review. Customer will review the documents and provide any comments in writing to Chevron ES within ten (10) business days after receipt of documents. Chevron ES will incorporate appropriate Customer comments into the final designs, drawings, and specifications, as applicable. The terms and conditions of any permit approvals required for the Project will be provided. Chevron ES reserves the right to issue the designs, drawings, and specifications in phases to allow the construction to be performed in phases. If Customer fails to provide written comments within the ten (10) business day period, Customer will be deemed to have accepted and approved the documents.
3. **Permits and Approvals.** The respective obligations of the Parties in obtaining permits and approvals are as specified in Section 6 of **Attachment A** of the Contract. Customer will agree to any nonmaterial changes to the designs, drawings, and specifications required by any governmental authority having jurisdiction over the Work. The Contract Amount provided for in the Scope of Work will be increased by any additional cost incurred by Chevron ES due to a change required by a governmental authority and the Time required to complete the Work will be increased by the number of additional days required to complete the Work because of a governmentally imposed change in the Project.
4. **Changes During Final Design Phase.** If during the design phase Customer requests changes and/or modifications to the Work identified in the Scope of Work and/or there are Material Changed Conditions, as defined in Article 1 above, Customer will be responsible for payment of the extra costs caused by such modifications and/or changes. Valid bases for additional compensation and/or Time extension include, but are not limited to: (i) Customer requests changes and/or modifications to the Project Scope of Work during the Project Design Phase; (ii) Customer caused delays during Chevron ES’s design work; (iii) the discovery of subsurface or other site conditions that were not reasonably anticipated or disclosed as of the Contract Effective Date; (iv) the discovery of Hazardous Substances at or impacting the Project Location; (v) changes to the Scope of Work required to obtain certain permits; (vi) damage to any equipment or other Work installed by Chevron ES caused by the act or omission of Customer, its agents or employees; (vii) changes and/or modifications to Scope of Work ordered by any governmental authority having jurisdiction over the Project; and (viii) any other condition that would not reasonably have been anticipated by Chevron ES that modifies and/or changes the Scope of Work that increases the agreed upon Contract Amount or increases in the Time needed to complete the Work identified in the Scope of Work.

#### **ARTICLE 4. CONSTRUCTION PHASE.**

1. **General Provisions.** Upon securing necessary permits, pursuant to Section 6 of **Attachment A** of the Contract, and acceptance and approval of Final Construction Documents by Customer, Chevron ES will commence the construction of the Project in accordance with the Final Construction Documents. The construction will be performed by Chevron ES and/or one or more licensed subcontractors qualified to perform the Work. The construction will be performed in accordance with all Applicable Laws and Applicable Permits.
2. **Chevron ES’s Responsibilities During Construction Phase.**
- (a) As an independent contractor to Customer, Chevron ES will be responsible for providing, or causing to be provided by Chevron ES’s subcontractor(s), all labor, materials, equipment, tools, transportation, and other facilities and services necessary for the proper execution, construction, and completion of the Work as defined in the Scope of Work and any Change Orders. Chevron ES is hereby required to purchase in advance all necessary materials and supplies for the construction of the Project in order to assure the prompt and timely delivery of the completed Work. Chevron ES will also be responsible for all means, methods, techniques, sequences, and procedures employed for the construction required by the final Construction Documents.
- (b) Chevron ES will make all reasonable efforts to coordinate construction activities and perform the Work to minimize disruption to Customer’s operations at the Project Location. Chevron ES will provide at least thirty (30) calendar days written notice to Customer of any planned power outages that will be necessary for the construction. Chevron ES will cooperate with Customer in scheduling such outages, and Customer agrees to provide its reasonable approval of any scheduled outage.
- (d) Chevron ES will be responsible for initiating and maintaining safety precautions and programs in connection with its construction of the Project. Chevron ES will take reasonable precautions for the safety of, and will provide reasonable protection to prevent damage, injury, or loss to: (1) employees of Chevron ES and subcontractors performing Work under this Contract; (2) Chevron ES’s property and other materials to be incorporated for the

Project, under the care, custody, and control of Chevron ES or its subcontractors; and (3) other property at or adjacent to the Project Location not designated for removal, relocation, or replacement during the course of construction. Chevron ES will not be responsible for Customer's employees' safety unless Chevron ES's negligence in the performance of its Work is the proximate cause of the employee's injury.

- (e) Customer will be responsible for procuring all necessary permits, if any.
- (f) Chevron ES will maintain in good order at the Project Location copies of the Scope of Work, all Change Orders, the Contract (with all Attachments), one record copy of all drawings, specifications, product data, samples, manufacturer's operation & maintenance manuals, and other pertinent construction-related documents.
- (g) Systems Startup and Equipment Commissioning. Chevron ES will provide notice to Customer of any scheduled test(s) of installed equipment, and Customer and/or its designees will have the right to be present at any or all such tests conducted by Chevron ES, any subcontractor, and/or manufacturers of the equipment. Chevron ES will be responsible for correcting and/or adjusting all deficiencies in systems and equipment operations that Chevron ES provided and installed that may be observed during equipment commissioning procedures.
- (h) The following duties will be performed by Chevron ES:
  - Organize and conduct a pre-construction meeting with the Customer and each subcontractor.
  - Organize and conduct regularly scheduled progress meetings throughout the installation period.
  - Schedule and manage all subcontractors and related work.
  - Provide the Customer a single point of contact and responsibility of all work related to the project.
  - Investigate and resolve design, construction, and field issues as they arise during the project
  - Coordinate on-site work, and schedule accordingly with Customer.
  - Perform progress inspections throughout the installation period. Provide the Customer and Subcontractor with results of findings.
  - Identify any existing Customer equipment that is found during implementation of the work not to be functioning properly, and notify in writing to Customer.
  - Provide regular status reports to the Customer.
  - When appropriate, initiate a thorough inspection of the work with the Customer and Subcontractor to obtain substantial completion.
  - Check, test, and start-up each item of equipment.
  - With the Customer and Subcontractor, perform final inspection of the Work.
  - Review subcontractor invoices and authorize payment as appropriate.
  - Obtain/prepare final as-built documentation for the project, and deliver to the Customer. Documentation will include O&M manuals as appropriate, warranty information, and as-built drawings and related information.
  - Obtain a certificate of Final Completion, signed by the Customer, Subcontractor, and Chevron ES.

**3. Customer's Responsibilities During Construction Phase.**

- (a) Customer will designate a single-point representative authorized to act on Customer's behalf with respect to Project construction and/or equipment installation. Customer may from time to time change the designated representative and will provide notice to Chevron ES of such change. Any independent review of the construction will be undertaken at Customer's sole expense, and it will be performed in a timely manner so as to not unreasonably delay the orderly progress of Chevron ES's Work. Any independent review of the construction by Customer will not relieve Chevron ES of any of its obligations or responsibilities hereunder.
- (b) Customer will provide a temporary staging area for Chevron ES, or its subcontractors, to use during the construction phase to store and assemble equipment for completion of the Work, if needed.
- (c) Customer will remain responsible for the maintenance of the portion of the Project Location that is not directly affected by Chevron ES's Work. Customer will keep the designated Project Location and staging area for the Project free of obstructions, waste, and materials within the control of Customer.
- (d) Customer will be solely responsible for obtaining any required environmental clearance from and any special permits required by any federal, state, and local jurisdictions prior to scheduled construction start date.
- (e) Customer will be responsible for the preparation of the designated Project Location site for construction, including, but not limited to, clearance of all above and below ground obstructions, such as vegetation, buildings, appurtenances, and utilities.
- (f) Customer will be solely responsible for the removal of any Hazardous Substances either known to Customer prior to the commencement of the Work or encountered by Chevron ES during the construction of the Project, if necessary in order for the Work to progress safely, that was not knowingly released or brought to the site by Chevron ES. Chevron ES will respond to the discovery of Hazardous Substances at or around the Project Location during the course of Chevron ES's construction in accordance with Section 6, "Hazardous Substances", below.

- (g) Customer will coordinate the Work to be performed by Chevron ES with its own operations and with any other construction project that is ongoing at or around the Project Location, with the exception that Chevron ES will coordinate the Interconnection Facilities work, if any, that will be performed by the local utility.
- (h) Customer will allow Chevron ES and its Subcontractors access to and reasonable use of necessary quantities of Customer's water and other utilities, including electrical power, as needed for the construction of the Work, at no extra cost to Chevron ES.
- (i) Customer will provide Chevron ES and/or its Subcontractors with reasonable access to the Project Location to perform the Work, including without limitation and at no extra cost to Chevron ES, access to perform Work on Saturdays, Sundays, legal holidays, and non-regular working hours.
- (j) The Customer will also do the following:
  - Attend the regularly scheduled progress meetings. Participate as needed regarding scheduling of work.
  - When appropriate, participate in the job inspection walk-through with Chevron ES and the subcontractor to determine Substantial Completion or beneficial use of major equipment. Sign the Certificate of Substantial Completion, as appropriate.
  - Perform a final walk-through of the project. Upon receipt of the O&M Manuals and as-built drawings, sign the Certificate of Final Completion for the related Work.
  - The Customer is encouraged to provide a staff member(s) to accompany Chevron ES during the EMS Commissioning.
  - Provide knowledgeable staff to participate in the training programs, which will be scheduled in advance for proper coordination.
  - Upon the completion of the entire Scope of Work, including training, and close-out documents, sign a Certificate of Final Completion for Entire Implementation Project.

#### **4. Changes During Construction.**

- (a) Change Orders Generally. Changes and/or modifications to the Scope of Work will be authorized by a written Change Order signed by both Customer and Chevron ES. The Change Order will state the change and/or modification to the Scope of Work, any additional compensation to be paid, or extension of Time, if needed, to Chevron ES to perform such change and/or modification. Chevron ES may, at its election, suspend performance of that portion of the Work affected by any proposed Change Order until an agreement has been reached with the Customer regarding the Change Order. Chevron ES will use its reasonable efforts to continue other portions of the Work not affected or impacted by such proposed Change Order until such time as the Change Order is resolved. In addition, if Customer requests a proposal from Chevron ES for a change to the Scope of Work and Customer subsequently elects to not proceed with such change, Customer agrees that a Change Order will be issued to reimburse Chevron ES for any costs reasonably incurred for estimating services, design services, and/or preparation of the proposal requested by the Customer.
- (b) Change Orders Requiring Additional Compensation. If during construction Customer requests changes and/or modifications to the Work identified in the Scope of Work, there are Excusable Delays and/or there are Material Changed Conditions, as defined in Article 1 above, Customer will be responsible for payment of the extra costs caused by such modifications and/or changes and Chevron ES will be entitled to additional compensation for the following reasons, that include, but are not limited to: (1) Customer requests changes and/or modifications to the Project Scope of Work during the construction phase of the Project; (2) Customer caused delays during Chevron ES's construction work; (3) discovery of subsurface or other site conditions that were not reasonably anticipated or disclosed prior to the commencement of the Work; (4) discovery of Hazardous Substances at or impacting the Project Location; (5) changes and/or modifications to the Scope of Work required to obtain required permits and approvals as required by any governmental authority having jurisdiction over the project; (6) damage to any equipment or other Work installed by Chevron ES caused by the act or omission of Customer, its agents or employees; (7) changes and/or modifications to Scope of Work ordered by any governmental authority having jurisdiction over the Project; and (8) any other condition that would not reasonably have been anticipated by Chevron ES that modifies and/or changes the Scope of Work agreed upon in the Scope of Work that increases the agreed upon Contract Amount identified in the Scope of Work.
- (c) Change Orders Requiring Additional Time / Excusable Delays. If during construction Customer requests changes and/or modifications to the Work identified in the Scope of Work and/or there are Material Changed Conditions, as defined in Article 1 above, the parties agree that a reasonable extension of Time may be necessary to perform such modifications and/or changes. In addition, if Chevron ES is delayed at any time in the progress of the Work for any reason beyond its control, including, but not limited to, any of the following (each defined as an "Excusable Delay"): (1) by an act or failure to act of, or other delay caused by, Customer or its agents or employees; (2) by failures of any governmental authorities to make timely inspection of the Work or by unanticipated efforts necessary to secure governmental approvals for the Project; (3) by delays resulting from the securing of permits for the Work; (4) delays

caused by changes and/or modifications to the Scope of Work as required by any governmental authority having jurisdiction over the project; (5) by labor disputes, fire, vandalism, delay in manufacturing and deliveries; (6) by adverse weather conditions not reasonably anticipated; (7) by unforeseen site conditions, including discovery or existence of Hazardous Substances; (8) by unavoidable casualties or other causes beyond Chevron ES's control; (9) by delays caused by processing Change Orders requested by or agreed to by Customer, or resulting from the implementation of any Change Order; or (10) by delay caused by pending arbitration, then the Time will be reasonably extended by a Change Order, executed by both Customer and Chevron ES. Prior to such extension of Time, Chevron ES will use reasonable efforts to make up such delays, including authorizing overtime payments (provided that Customer has issued a Change Order authorizing any such overtime payment and has specifically agreed to pay all costs, including administrative charges and expenses, associated therewith).

(d) **Material Changed Conditions/ Conditions Beyond Chevron ES's Control.** Chevron ES will provide written notice to Customer of any Material Changed Condition and or any Force Majeure event, as such terms are defined in Article 1 above, within ten (10) business days of Chevron ES's first discovery of such Material Changed Condition or event of Force Majeure. In the event that Chevron ES's notice concerns unanticipated subsurface conditions, including soil conditions, or Hazardous Substances, Chevron ES will not disturb the condition until said notice has been given to Customer, and Customer has had a reasonable opportunity to investigate the condition. If there is a disagreement between Customer and Chevron ES as to whether a Change Order should be issued and executed because of the Material Changed Condition and/or condition beyond Chevron ES's control, those disputes will be resolved in accordance with the provisions of Section 15, "Dispute Resolution", of **Attachment A** of the Contract. Pending the resolution of any dispute between Chevron ES and Customer concerning a Material Changed Condition and/or change beyond Chevron ES's control, Chevron ES reserves the right to suspend Work pending the resolution of the dispute.

5. **Minor Changes to Scope of Work.** Chevron ES will have authority to make minor changes that do not change the total Contract Amount and are consistent with the intent of the final Construction Documents, as amended by Change Order, without prior notice to Customer. Chevron ES will either promptly inform Customer, in writing, of any minor changes made during the implementation of the Project, or make available to Customer at the site a set of as-built drawings that will be kept current to show those minor changes.

6. **Hazardous Substances.** Chevron ES will promptly provide written notice to Customer if Chevron ES observes any Hazardous Substance, as defined herein, at or around the Facilities during the course of construction or installation of any equipment which have not been addressed as part of the Scope of Work. Chevron ES will have no obligation to investigate the Facilities for the presence of Hazardous Substances prior to commencement of any work unless otherwise specified in the Scope of Work. Customer will be solely responsible for investigating Hazardous Substances and determining the appropriate removal and remediation measures with respect to the Hazardous Substances. Customer will be responsible for complying with all Applicable Laws with respect to the identification, removal and proper disposal of any Hazardous Substances known or discovered at or around the Facilities, and in such connection will execute all generator manifests with respect thereto. Chevron ES will comply with all Applicable Laws in connection with the use, handling, and disposal of any Hazardous Substances in the performance of its Work. In connection with the foregoing, Customer will provide Chevron ES, within ten (10) business days of the execution of this Contract, a written statement that represents and warrants (i) whether or not, to its knowledge, there are Hazardous Substances either on or within the walls, ceiling or other structural components, or otherwise located in the Work area, including, but not limited to, asbestos-containing materials; (ii) whether or not, to its knowledge, no conditions or situations exist at the Facilities which are subject to special precautions or equipment required by federal, state, or local health or safety regulations; and (iii) whether or not, to its knowledge, there are no unsafe working conditions at the Facilities.

Customer will indemnify, defend, and hold Chevron ES harmless from and against any and all claims and costs of whatever nature, including but not limited to, consultants' and attorneys' fees, damages for bodily injury and property damage, fines, penalties, cleanup costs, costs associated with delay or work stoppage, and third party claims (hereinafter "Liability"), that in any way result from or arise under from such Customer owned or generated hazardous materials and substances, except for liabilities due to Chevron ES's, or its subcontractors, agents representatives, and employees', negligence or willful misconduct in handling, disturbance, or release of Hazardous Materials or Substances. This indemnification will survive any termination of this Contract.

7. **Pre-Existing Conditions.** Certain pre-existing conditions may be present within the Customer's facilities that (i) are non-compliant with applicable codes, (ii) may become non-compliant with applicable codes upon completion of Chevron ES's Work, (iii) may cause Chevron ES's completed Work to be non-compliant with applicable codes, (iv) may prevent the Customer from realizing the full benefits of Chevron ES's Work, (v) may present a safety or equipment hazard, or (vi) are otherwise outside the scope of Chevron ES's Work. Regardless of whether or not such conditions may have been readily identifiable prior to the commencement of Work, Chevron ES will not be responsible for repairing such pre-existing conditions unless such is expressly provided for in the Scope of Work or an approved change thereto. Chevron ES, in its sole discretion, may determine whether it will bring said pre-existing conditions into compliance by agreeing to execute a change order with the Customer for additional compensation and, if appropriate, an extension of time. Examples of pre-existing conditions include, but are not limited to, the following:

- With respect to lighting equipment maintenance and/or lamp and ballast retrofit work, the Customer will be responsible for properly grounding lighting fixtures before Chevron ES commences work in compliance with applicable codes.
- With respect to installation of new lighting fixture installations, prior to commencement of the lighting fixture installation, the Customer will be responsible for providing an existing or new grounding conductor or solidly grounded raceway with listed fittings at the lighting fixture junction box that is properly connected to the facility grounding electrode system in compliance with the latest National Electrical Code (“NEC”). Chevron ES’s Scope of Work will include properly terminating the lighting fixtures to the existing grounding conductor or to the existing solidly grounded raceway with listed fittings at the lighting fixture junction box.
- Where Chevron ES’s Scope of Work includes pulling new wiring for lighting fixtures from an existing lighting panel, a grounding conductor will be included in the lighting circuits. The Customer is responsible for providing an existing or new grounding conductor terminal bar at the lighting panel that is properly connected to the facility grounding electrode system in compliance with the latest NEC.
- With respect to Chevron ES projects with new equipment connecting to the facility’s existing electrical distribution system, Chevron ES will not be responsible for the electrical integrity of the existing electrical system, e.g., the condition and proper termination of current-carrying, grounded, and grounding conductors, bus taps, protective elements, the proper protection of existing wire through knockouts, or missing components. The Customer is responsible for providing and maintaining the facility’s electrical distribution system that meets the latest NEC and Guidelines.
- Chevron ES is not responsible for repairing or replacing existing damaged, blocked, or leaky ductwork, or cleaning dirt or mildew.
- Chevron ES will not be responsible for existing damaged pipes, valves, and related parts and components due to a lack of water treatment.
- Existing pneumatic control systems that remain in place will be properly maintained (use of air dryer, clean filter, etc.) by the Customer such that oil or moisture does not reach the control and operating devices.
- Unless specifically included in the Scope of Work, existing valves, dampers, linkages, and piping specialties to which new controls/building automation system are being connected are to be in proper functioning condition. If existing device is found to be improperly functioning, Customer may repair or compensate Chevron ES for repair / replacement of the device.

**ARTICLE 5. PROJECT COMPLETION.**

1. **Use or Occupancy:** The Customer may take occupancy or use of any completed or partially completed portion of the Work at any stage, whether or not such portion is Substantially Complete, provided that such occupancy or use is authorized by Governmental Authority and, provided further, that Customer assumes responsibility for the security of, insurance coverage for, maintenance, utilities for, and damage to or destruction of such portion of the Work. Occupancy or use will not commence until the Customer’s insurance company has consented to such occupancy or use. When occupancy or use of a portion of the Work occurs before Substantial Completion of such portion, Customer and Chevron ES will accept in writing the responsibilities assigned to each of them for title to materials and equipment, payments and retainage with respect to such portion.
2. **Substantial Completion / Reduction of Retention:** At the time the Work is Substantially Complete in conformance with the Scope of Work and Construction Documents, Chevron ES will supply to Customer a written Certificate of Substantial Completion. Customer will within ten (10) business days of receipt of the Certificate of Substantial Completion, review the Work for the sole purpose of determining that it is substantially complete and in substantial conformance with the Scope of Work, final Construction Documents and any Change Orders, and sign and return the Certificate of Substantial Completion to Chevron ES acknowledging and agreeing: (1) that the Work is substantially complete in accordance with the Contract Documents so Customer can occupy or utilize the Work for its intended use; (2) the date of such Substantial Completion; (3) that from the date of Substantial Completion Customer will assume responsibility for the security of, insurance coverage for, maintenance, utilities for, and damage to or destruction of the Work. Customer agrees that approval of the Certificate of Substantial Completion will not be unreasonably withheld.
3. **Final Completion:** When Chevron ES considers the Work to be fully complete in accordance with the Scope of Work, Chevron ES will notify the Customer that the Work is fully complete and ready for final inspection. The Customer will inspect the Work to verify the status of Final Completion within ten (10) business days after its receipt of Chevron ES’s certification that the Work is Complete. If Customer does not verify the Final Completion of the Work with this period, the Work will be deemed fully completed. If Customer determines that any Work is incomplete and/or defective, the

Customer will promptly notify Chevron ES in writing of such incomplete and/or defective work, itemizing and describing such remaining items with reasonable particularity. Chevron ES will, in a reasonable amount of time, complete any incomplete items or remedy defective items after which Chevron ES will provide written notice to the Customer that the Work is fully complete. Customer will re-inspect all work completed or remedied by Chevron ES within ten (10) business days of Chevron ES's notice of completion from Chevron ES that the Work is complete. If the Customer does not re-inspect the Work within the ten (10) business day period, the Work will be deemed fully complete. When the Customer agrees that the Work is fully completed in accordance with the Scope of Work and Contract Documents, Customer will give Chevron ES written notice of acceptance of the Work and Final Completion and will promptly (i) issue a Final Completion Certificate to Chevron ES and (ii) record a notice of completion or notice of acceptance in the office of the county recorder in accordance with California Civil Code §9204. At that time, Customer will pay Chevron ES any remaining Contract Amount due and any outstanding retainage being withheld by the Customer.

4. **Transfer of Title; Risk of Loss.** Title to all or a portion of the Project equipment, supplies and other components of the Construction Work will pass to Customer upon the earlier of (i) the date payment for such Project equipment, supplies or components is made by Customer and (ii) the date any such items are incorporated into the Project Location. Chevron ES will retain care, custody and control and risk of loss of such Project equipment, supplies and components until the earlier of Beneficial Use or Substantial Completion. Transfer of title to Customer will in no way affect Customer's and Chevron ES's rights and obligations as set forth in other provisions of this Contract. Except as provided in this Section 4, after the date of Substantial Completion, Chevron ES will have no further obligations or liabilities to Customer arising out of or relating to this Contract, except for the obligation to complete any Punch List items, the obligation to perform any warranty service, and obligations which, pursuant to their terms, survive the termination of this Contract.

**ATTACHMENT C  
CUSTOMER'S FACILITIES**

The following Customer Facilities are included under the Scope of Work as listed below:

Facility	Location Description	Existing Utility Meter Number
Water Well No. 4	North Well Field	35M246
Water Well No. 6	North Well Field	1004778379
Water Well No. 7	North of West Hills College	X08658
Water Well No. 9	East of Waste Water Treatment Plant.	1003191252
Water Well No. 10	East of CMC	1004391165
Water Well No. 11	Northwest Corner of Lemoore Ave. and Glendale Ave.	0706R1
Water Well No. 12	Adjacent to Cedar Lane and Blue Jay Ave.	0317R3
Water Well No. 13	East of West Hills College	1007073641
Cinnamon Municipal Complex (CMC)	711 Cinnamon Drive	1003172127
Waste Water Treatment Plant (WWTP)	1145 South 18½ Ave.	Meter No. 1: R05048 Meter No. 2: 1006909488
Police Station	657 Fox St.	1003977086
Main Water Plant	40 G St.	71425R

**ATTACHMENT D**

**SCOPE OF WORK**

California State Contractor's License Number 813797

Solar Generating Facilities to be Installed

Facility	Est. kW <sub>DC</sub>
Water Well No. 4	792.0
Water Well No. 6	270.0
Water Well No. 7	194.4
Water Well No. 9	72.0
Water Well No. 10	Array No. 1: 252.0 Array No. 2: 269.4
Water Well No. 11	259.2
Water Well No. 12	345.2
Water Well No. 13	216.0
Cinnamon Municipal Complex	86.4
Waste Water Treatment Plant	Array No. 1: 162.0 Array No. 2: 180.0
Police Station	10.8

**General Conditions Scope of Work provided by Chevron ES:**

- Project management and engineering.
- Construction management and supervision. A Chevron ES construction manager will be assigned to this project and will be responsible for monitoring the on-site construction.
- Provide onsite storage containers for project materials and equipment.
- Provide trash dumpsters as needed as well as cleanup and disposal of all refuse generated by project.
- Provide portable toilets.
- Provide temporary fencing as required for access control in the areas of and for the duration of work.
- Provide cranes, lifts and rigging necessary for scope of work.
- Provide startup, acceptance testing, commissioning, training and Operation & Maintenance manuals as needed on systems provided.
- Record (as-builts) plans and equipment data sheets will be provided for the photovoltaic systems. Three (3) sets of printed record and equipment data sheets will be provided.

**General Engineering Scope of Work provided by Chevron ES:**

- Prepare plans to be submitted for Customer approval.
- Provide equipment submittals for Customer acceptance.
- Provide shop drawings, as appropriate for the work.
- Interface Utility for rate schedule changes and interconnect application and approval.
- Site Survey.
- California Solar Incentive monitoring.
- Conceptual layouts for the solar projects are included at the end of this **Attachment D**.

**Project Area Access:**

- Chevron ES has assumed project construction will be allowed to proceed smoothly and in a continuous flow. No allowance has been made to demobilize and remobilize resources due to schedule interruptions. Vehicles and heavy equipment should be expected at all sites, primarily for handling and delivering materials.
- Chevron ES will provide a construction site plan prior to onsite construction for each site.
- The Customer will provide access to necessary locations at all times.
- The construction sites will be restricted to project construction personnel.
- An escort can be scheduled and provided to allow access to the construction sites for Customer staff.
- Other personnel will not have access to the construction sites.

**Water Well No. 4 (North Well Site): 792.0 kW<sub>DC</sub> System**

Chevron ES will design-build a photovoltaic system, consisting of single-axis tracking arrays located at the North Well Site adjacent to Well No. 4. The system will have two (2) inverters. The inverters and associated concrete equipment pad will be located adjacent to the solar arrays. The point of connection will be located at the existing Well No. 4 electrical panel. A six-foot chain-link fence topped with three stands of barb-wire will be provided to enclose the inverters and arrays. A maintenance road will be extended from the existing site perimeter road to provide service access to the inverters and arrays. Grading and altering the grade of this site is not included. Servicing (replacing, re-grading, or patching) or making other improvements to the existing site entry and perimeter road is not included.

**Water Well No. 6 (North Well Site): 270.0 kW<sub>DC</sub> System**

Chevron ES will design-build a photovoltaic system, consisting of single-axis tracking arrays located at the North Well Site adjacent to Well No. 6. The system will have one (1) inverter. The inverter and associated concrete equipment pad will be located adjacent to the solar arrays. The point of connection will be located at the existing Well No. 6 electrical panel. A six-foot chain-link fence topped with three stands of barb-wire will be provided to enclose the inverters and arrays. A maintenance road will be extended from the existing site perimeter road to provide service access to the inverter and arrays. Grading and altering the grade of this site is not included. Servicing (replacing, re-grading, or patching) or making other improvements to the existing site perimeter road is not included.

**Water Well No. 7: 194.4 kW<sub>DC</sub> System**

Chevron ES will design-build a system, consisting of fixed tilt arrays located adjacent to Well No. 7. The arrays will be separated to allow access for a future road. The system will have a maximum of two (2) inverters. The inverters and associated concrete equipment pad will be located adjacent to the solar arrays. The point of connection will be located at the existing Well No. 7 electrical panel. The existing fence will be extended to enclose the array and inverters. The height and construction of the new section of fence will match the existing. Grading or altering the grade of this site is not included. Servicing the existing maintenance road is not included. Alterations to the system after construction to accommodate a future road are not included.

**Water Well No. 9: 72.0 kW<sub>DC</sub> System**

Chevron ES will design-build a photovoltaic system, consisting of single-axis tracking arrays located adjacent to the arrays for the Waste Water Treatment Plant. The system will have one (1) inverter. The inverter and associated concrete equipment pad will be located adjacent to the arrays. The electrical panel serving Well No. 9 will be replaced. The new electrical panel will be of similar capacity to the existing panel. The point of connection for the solar system will be located at the new electrical panel. The fence enclosing the systems for the Waste Water Treatment Plant (identified below) will also enclose the inverter and arrays for this site. The maintenance road providing access to the Waste Water Treatment Plant systems will also provide access to the inverter and arrays for this system. Altering the overall grade or drainage of this site is not included.

**Water Well No. 10:           Array No. 1: 252.0 kW<sub>DC</sub> System  
                                  Array No. 2: 269.4 kW<sub>DC</sub> System**

Chevron ES will design-build photovoltaic systems consisting of fixed tilt arrays (Array No. 1) and two parking lot shade canopies (Array No. 2). Each shade canopy will support a sub-array having a nominal capacity of 134.7 kW<sub>DC</sub>.

Array No. 1 will be located south of the Cinnamon Municipal Complex within the existing detention pond. The racking system will have a maximum height of five feet between the grade and the bottom edge of any solar panel. The inverter and associated concrete equipment pad serving Array No. 1 will be located adjacent to the service road south of the Complex and north of the detention pond. The electrical conduit and wiring will route through the existing building. The point of connection will be located at the Well No. 10 electrical panel. The Customer will provide right of way access to bore across the adjacent property to Well No. 10 electrical panel. A six-foot chain-link fence will be provided to enclose the inverter. The existing fence enclosing the detention pond will remain. The area associated with the array will be graded to maintain existing detention pond capacity. The existing driveways and service entry points to the detention pond will remain. Improvements to the driveways, service roads and existing fences are not included.

The parking lot shade canopies supporting Array No. 2 will be located in the center parking aisle in the expanded parking lot (identified below). Canopy lighting will be provided by ten (10) evenly spaced outdoor-rated lighting fixtures. The lighting fixtures will consist of a single four-foot, fluorescent (T-8) lamp and ballast. The fixtures will be mounted to the underside of the canopy. An existing electrical circuit from the Complex will provide the power for lighting. The inverter and associated concrete pad serving Array No. 2 will be located adjacent to the expanded parking lot. The point of connection will be located at the Well No. 10 electrical panel. A six-foot chain-link fence topped with three stands of barb-wire will be provided to enclose the inverter. A roof deck beneath the solar panel is not included. The steel



The point of connection for Array No. 2 will be at the electrical panel housing Meter No. 2 located on the eastern side of the Waste Water Treatment Plant.

A six-foot chain-link fence topped with three stands of barb-wire will be provided to systems for the Waste Water Treatment Plant and Well No. 9. A maintenance road will be extended from 19½ Avenue to provide service access to the inverters and arrays. Two entry points with commercial (concrete) drive approaches will be provided. Rough grading of the site to reduce elevation is included. Altering the overall grade or drainage of this site is not included.

**Police Station: 10.8 kW<sub>DC</sub> System Addition**

Chevron ES will design-build a 10.8 kW<sub>DC</sub> addition to the existing solar system at the Lemoore Police Station. The fix tilt racking system and solar modules will be located on the roof of the Police Station. The racking systems will require multiple penetrations into the existing roof system. Electrical wires, conduit and combiner boxes, will be installed exposed on the roof. The existing inverter will remain and the direct current input will be altered to accommodate the additional capacity. Extending the inverter warranty and roof warranty is not included.

**Main Water Plant: Switchboard Replacement**

Chevron ES will provide the turn-key Switchboard Replacement scope of work identified within the Construction Documents produced by Quad Knopf Engineers dates December 11, 2012 (Quad Knopf Job No. L120144). Final Record (As-built) plans and documentation will be created by the Customer's engineer of record. The engineer of record will be retained by the Customer to respond to requests for information (RFIs) throughout the construction period.

**General Project Exclusions and Clarifications**

- Prevailing wages will not be paid for this project.
- Plan check and permitting (building/construction and CEQA) will be performed by Customer at no cost to Chevron ES. Cost for plan check or permitting by any entity is excluded.
- 15-year manufacturer warranty for the inverters will be provided directly by the manufacturer to the Customer
- Chevron ES standard construction means & methods will be used.
- A scheduled electrical shutdown will be required for the PV system interconnection.
- Directional boring will be utilized over excavation when possible.
- Chevron ES will provide rough grading of sites and soil compaction where necessary to assist with system installation.
- Chevron ES has assumed existing maintenance roads are accepted by City and County Fire Departments. New maintenance roads will compose of 6" class 2 recycled rock base.
- All work will be performed during normal work hours; no overtime hours are included in this proposal unless otherwise stated.
- The scope of work assumes that, unless specifically identified otherwise, all existing systems are functioning properly and are up to current codes. Chevron ES will not be responsible for repairs or upgrades to existing systems, other than those specifically identified herein. No allowances have been made to bring existing systems up to code.
- No allowance has been made to repair or replace damaged or inoperable existing equipment that is not specifically being replaced under the Scope of Work. When such items are discovered, Chevron ES will immediately notify the Customer representative.
- Temporary utilities to be provided by Customer at no cost (trailer power, phone lines, construction power, etc.).
- Removal and disposal of hazardous materials, including asbestos containing materials, to be by the Customer (except as noted above). If Chevron ES encounters material suspected to be hazardous, we will notify the Customer representative and stop further work in this area until the material is removed.
- Trenching and boring spoils will be distributed across the site at the ground mounted arrays. Spoils resulting from the shade canopy structures at the Cinnamon Municipal Complex will be removed from site.
- The parking lot shade canopy structures are not weather tight and will not provide shelter from rain.
- A trailer containing a water tank and pressure washer will be provided to the Customer for washing panels. Water hose bibs at the ground mounted arrays are not included.
- For the ground mounted arrays the area (footprint) will remain natural. A rock/gravel base is not included. Weed/plant removal and abatement is not included.
- No decorative fascia along the perimeter of the panels or any decorative covering underneath the panels are included.
- Painting, unless specified, is not included.
- Fire alarm, fire suppression systems, blue phone system, security camera system, canopy receptacles, and hose bibs are excluded.
- PV security system of any kind is excluded.
- Removal or haul-off of contaminated soil is excluded.
- Telemetry equipment of any kind not listed in the scope of work is excluded.

- Chain link fence privacy slats are not included. No allowance has been made for screening of new or existing equipment, unless specifically noted above.
- Bollards are not included at any site.

**Criteria for Achieving Beneficial Use:**

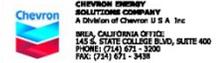
SOLAR SYSTEM - Will occur when Utility is ready to issue the permission-to-operate letter and system is capable of generating energy.

Conceptual Layout for Water Well No. 4



**CITY OF LEMOORE**  
**WATER WELL No. 4**  
**ELDER AVENUE & 17TH AVENUE**  
**LEMOORE, CA 93245**

**3/25/2013**



Conceptual Layout for Water Well No. 6

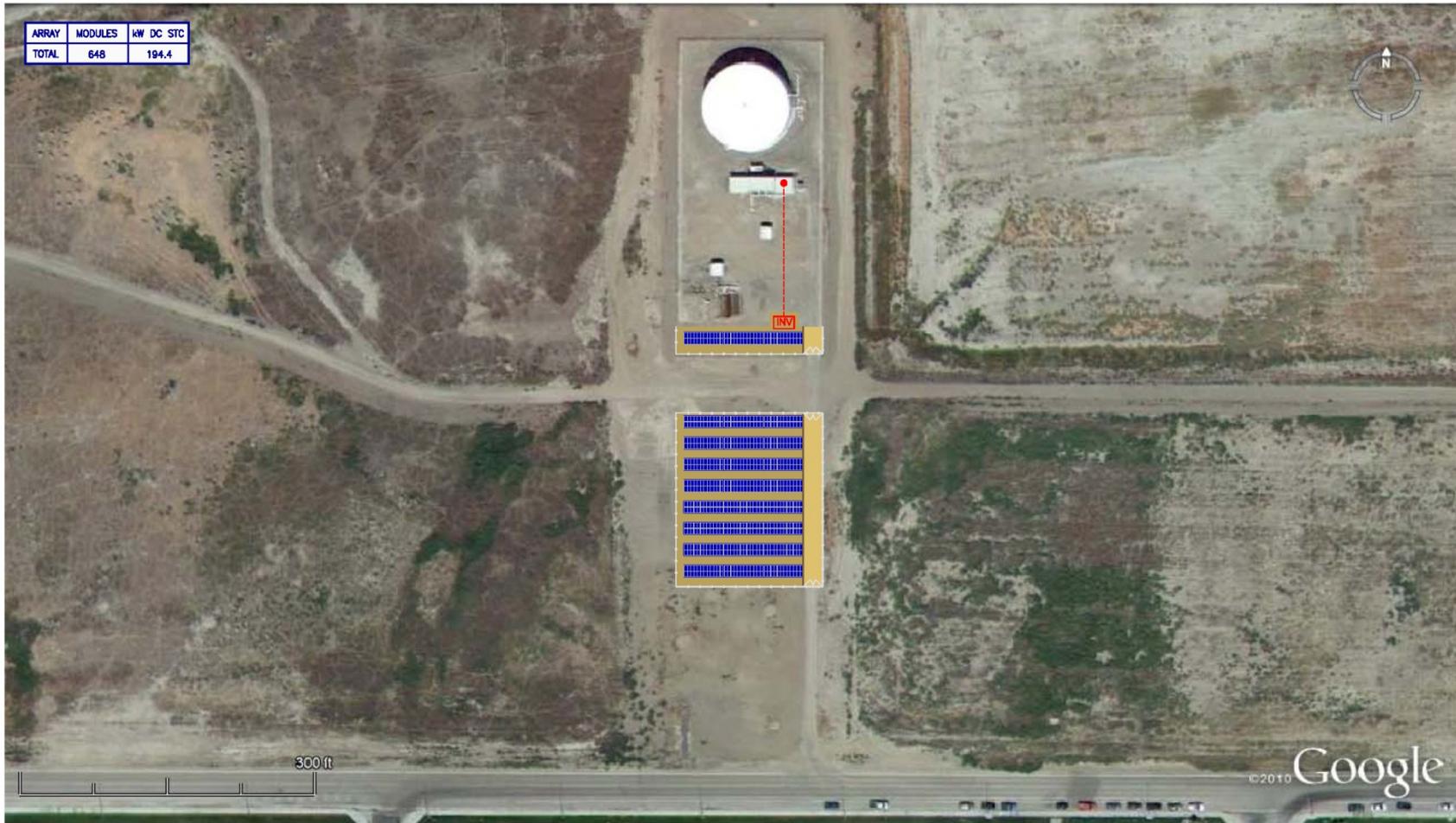


**CITY OF LEMOORE**  
**WATER WELL No. 6**  
**ELDER AVENUE & 17TH AVENUE**  
**LEMOORE, CA 93245**

**3/26/2013**

 **CHEVRON ENERGY SOLUTIONS COMPANY**  
A Division of Chevron U.S.A. Inc.  
9600 CALIFORNIA STREET, SUITE 400  
DALLAS, TEXAS 75246-3200  
PHONE: (714) 941-3200  
FAX: (714) 941-3418

Conceptual Layout for Water Well No. 7

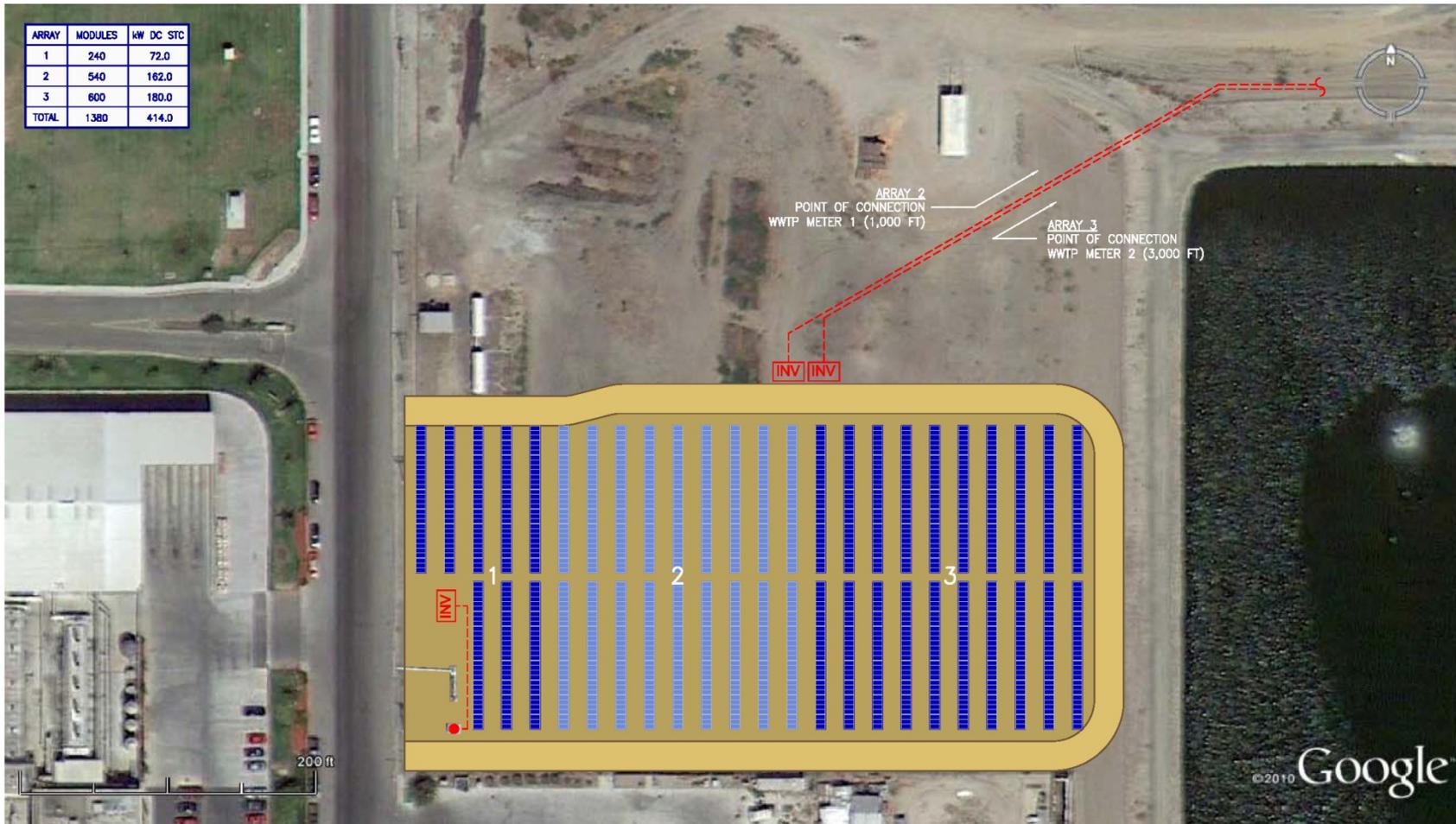


**CITY OF LEMOORE**  
**WATER WELL No. 7**  
**BUSH STREET & MARSH DRIVE**  
**LEMOORE, CA 93245**

**3/28/2013**

 **CHEVRON ENERGY SOLUTIONS COMPANY**  
A Division of Chevron U.S.A. Inc.  
9801 CALIFORNIA DRIVE  
140 S. STATE COLLEGE BLVD, SUITE 400  
P.O. BOX 101 - 1000  
FAC: (761) 491 - 9418

Conceptual Layout for Water Well No. 9 and Waste Water Treatment Plant



**CITY OF LEMOORE**

**3/13/2013**

**WATER WELL No. 9 & WASTE WATER TREATMENT PLANT  
 19TH AVENUE & ENTERPRISE DRIVE  
 LEMOORE, CA 93245**

 **CHEVRON ENERGY SOLUTIONS COMPANY**  
 A Division of Chevron U.S.A. Inc.  
 9500 CALIFORNIA DRIVE  
 LAS SAGUAS COLLEGE BLVD, SUITE 400  
 FORTY, TEXAS 78121-3200  
 PHONE: (714) 971-3200  
 FAX: (714) 971-3418

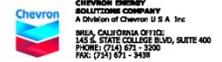
Conceptual Layout for Water Well No. 10 and Cinnamon Municipal Complex



**CITY OF LEMOORE**

**WATER WELL No. 10 & CINNAMON MUNICIPAL COMPLEX (CMC)**  
**711 W. CINNAMON DRIVE**  
**LEMOORE, CA 93245**

**3/26/2013**

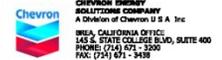


Conceptual Layout for Water Well No. 11

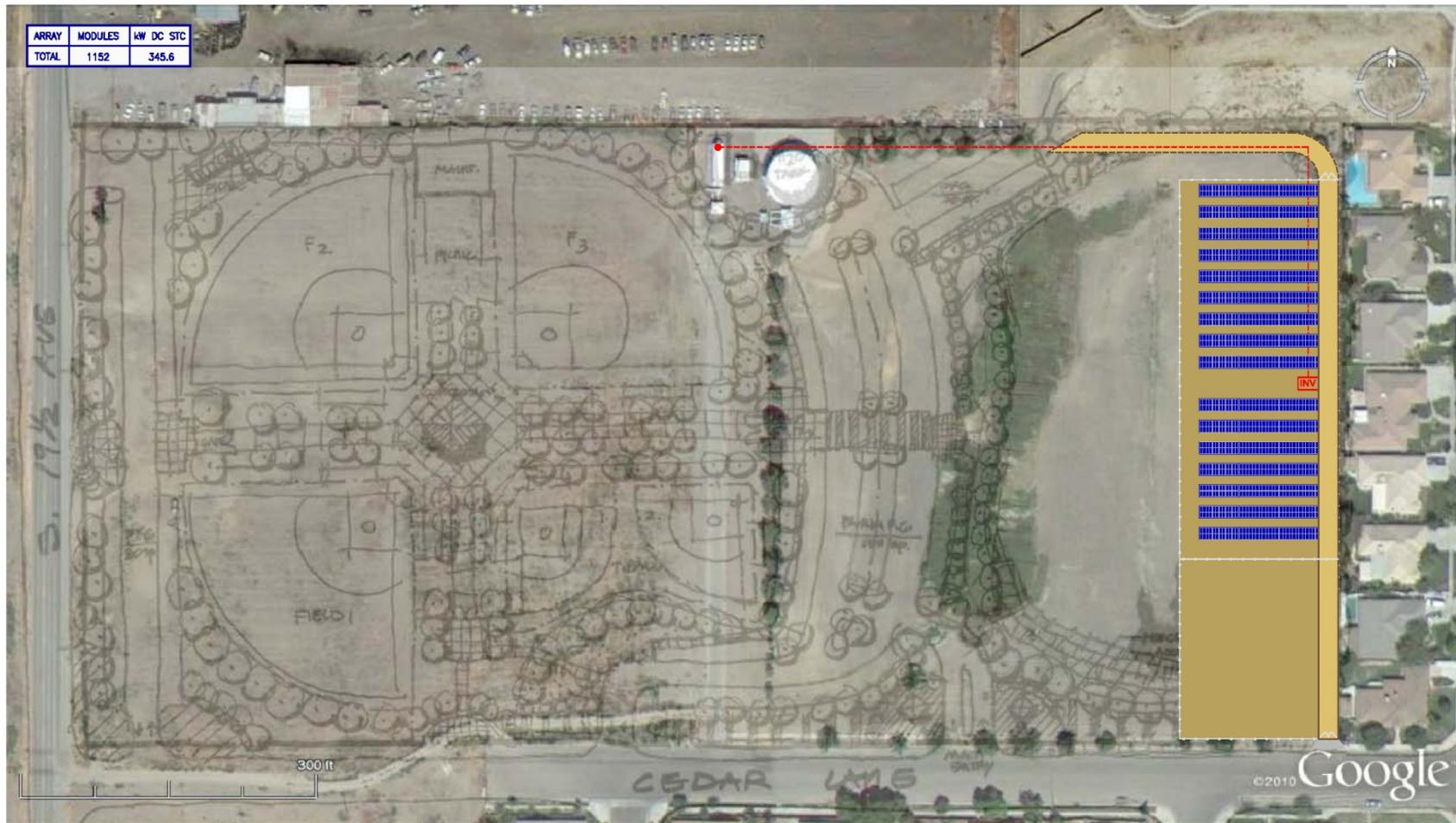


**CITY OF LEMOORE**  
**WATER WELL No. 11**  
**18TH AVENUE & E. GLENDALE AVENUE**  
**LEMOORE, CA 93245**

**3/25/2013**



Conceptual Layout for Water Well No. 12



**CITY OF LEMOORE**

**3/25/2013**

**WATER WELL No. 12 & SPORTS PARK CONCEPT  
 BLUEJAY AVENUE & CEDAR LANE  
 LEMOORE, CA 93245**



Conceptual Layout for Water Well No. 13

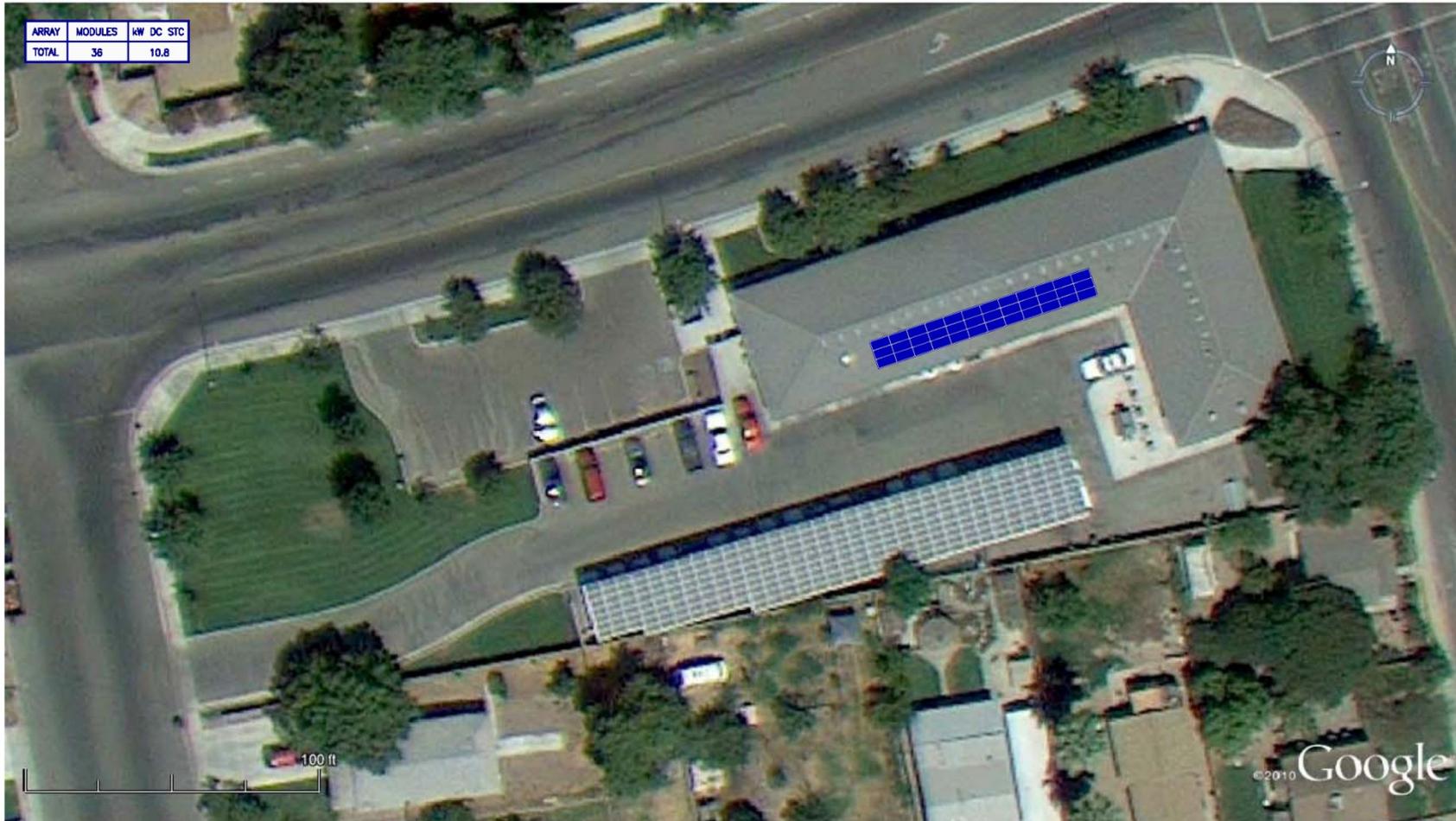


**CITY OF LEMOORE**  
**WATER WELL No. 13**  
**PEDERSON STREET & COLLEGE AVENUE**  
**LEMOORE, CA 93245**

**3/25/2013**

 **CHEVRON ENERGY SOLUTIONS COMPANY**  
A Division of Chevron U.S.A. Inc.  
9801 CALIFORNIA DRIVE  
140 S. STATE COLLEGE BLVD, SUITE 400  
P.O. BOX 1700  
P.O. BOX 1700  
FAC: (757) 491-3418

Conceptual Layout for Lemoore Police Station



**CITY OF LEMOORE**  
**POLICE DEPARTMENT HEADQUARTERS**  
**657 FOX STREET**  
**LEMOORE, CA 93245**

**3/25/2013**

 **CHEVRON ENERGY SOLUTIONS COMPANY**  
A Division of Chevron U.S.A. Inc.  
9100 CALIFORNIA DRIVE  
140 S. STATE COLLEGE BLVD, SUITE 400  
P.O. BOX 101 - 1000  
FAC: (714) 471 - 9418

**ATTACHMENT E**

**PROJECT SCHEDULE**

After contract execution, the Chevron ES Construction Manager will develop, with input from the Customer's staff, a master Microsoft Project® schedule. The project team will establish a weekly construction meeting at which time the work of the previous week will be reviewed, and a two week look ahead will be coordinated. The Microsoft Project® schedule will be updated on a monthly basis. At this time, Chevron ES estimates that after contract execution, the issuing of subcontractor contracts, design, engineering, mobilization, construction, and commissioning/turnover will take twelve months.

**ATTACHMENT F**

**ALLOCATION OF CONTRACT AMOUNT**

<b>Mobilization, Design &amp; Engineering Fee</b>	<b>\$2,578,000</b>
<b>Remaining Implementation Cost</b>	<b>\$10,312,000</b>
=====	
<b>Contract Amount</b>	<b>\$12,890,000</b>

The mobilization, design and engineering fee will be invoiced to the Customer upon both Parties signing the Energy Services Contract, and will be due and payable as provided in the Contract.

The Schedule of Values (SOV) is given below. A detailed SOV will be provided after contract execution. Using Chevron ES's standard forms, the progress of the work will be documented, and the Customer invoiced monthly based on the actual work completed for the invoiced period. All invoices will be submitted through the Administrative Analyst prior to payment by the Customer. Invoices will be in the form and contain the information requested by the Customer and will be subject to approval by the Customer. Customer will make payments within thirty (30) days of receipt of approved invoice.

Schedule of Values (SOV)	
Facility	Project Price
Mobilization, Design and Engineering	\$2,578,000
Water Well No. 4 Solar	\$2,509,051
Water Well No. 6 Solar	\$870,705
Water Well No. 7 Solar	\$559,211
Water Well No. 9 Solar	\$329,361
Water Well No. 10 Solar	\$2,207,351
Water Well No. 11 Solar	\$727,745
Water Well No. 12 Solar	\$959,545
Water Well No. 13 Solar	\$593,067
Cinnamon Municipal Complex Solar	\$245,596
Waste Water Treatment Plant Solar	\$1,273,360
Police Station Solar	\$37,008

**ATTACHMENT G**

**LIST OF INCENTIVES**

1. California Solar Initiative (CSI)  
<http://www.gosolarcalifornia.ca.gov>

## ATTACHMENT H

### MONITORING INSTALLATION SCOPE OF WORK

#### Overview of DAS Network Installation & Equipment Requirements

Chevron ES will provide a revenue-grade billing, data acquisition system (DAS). This will provide readily available access to various internal and external information collected on the distributive generation (i.e., solar PV) plant.

#### ***Chevron ES DAS Monitoring Installation:***

- Supply and install hardware specific to the DAS system.
- Supply and install, terminate, label, and test all Data Point of Connection (DPOC) communication cabling from each DAS node to the predetermined and respective DPOC(s); in accordance with Customer's specifications.
- Test and verify Customer/Facility network connectivity.
  - a. TCP/IP internal addressing and verification
- Supply, install, and configure a Modbus based digital Net Energy Meter (NEM).
- Connect the data portion of digital NEM(s) to their respective DPOC(s).
- Supply, install, and configure a Modbus based digital Net Generation Output Meter (NGOM).
- Perform the physical installation, labeling, testing and certification testing of each data circuit from the digital NEM(s) to their respective DPOC(s).
- Provide basic system training to designated Customer/Facility maintenance staff.

#### ***Customer/Facility Responsibilities:***

- Provide two (2) external static IP addresses per site, subnet mask default gateway, and DNS-information to allow remote access to DAS panel(s).
- Provide network connectivity to each DAS panel location.
- Provide Chevron ES five (5) business days prior notification of any IP addressing scheme changes or changes made to restrict network access to ensure maximum uptime is maintained.

**ATTACHMENT I**

**PREVENTIVE MAINTENANCE**

**EQUIPMENT AND FACILITIES COVERED**

Chevron ES will perform Preventive Maintenance Services (“PM Services”) as defined in this **Attachment I** with respect to the photovoltaic, solar powered generating facilities being constructed on Customer’s property at the Project Locations listed in **Attachment C**, “Customer’s Facilities” (the “Generating Facilities”).

**I. Term**

So long as Customer pays to Chevron ES the Annual Maintenance Fee, Chevron ES will provide the PM Services, as described herein, up to ten (10) years from the O&M Commencement Date. “O&M Commencement Date” means the first day of the month immediately following the later of (i) Chevron ES’s receipt of the fully signed certificate of Final Completion, and (ii) Chevron ES’s receipt of the full Contract Amount. At the end of this term, the Customer may:

- a. Enter into another agreement with Chevron ES to perform PM Services
- b. Enter into an agreement with another service provider
- c. Self-perform preventive maintenance

**II. Annual Maintenance Fee, Reporting**

Chevron ES will provide PM Services to the Customer for years 1-10, starting on the O&M Commencement Date, for annual amounts (“Annual Maintenance Fee”) given below:

Year 1:	\$61,569
Year 2:	\$63,715
Year 3:	\$65,954
Year 4:	\$68,294
Year 5:	\$70,740
Year 6:	\$58,693
Year 7:	\$60,934
Year 8:	\$63,291
Year 9:	\$65,771
Year 10:	\$68,384

The Annual Maintenance Fee for the first year will be invoiced by Chevron ES to the Customer in a lump sum on the O&M Commencement Date. All subsequent Annual Maintenance Fees will be invoiced by Chevron ES on the corresponding anniversary of the O&M Commencement Date. The Customer, or its designee, will pay Chevron ES such Annual Maintenance Fee, without any retention amount withheld, within thirty (30) calendar days after its receipt of the corresponding invoice. Unless the Customer gives Chevron ES prior written notice of its intent to terminate the PM Services, any failure to timely pay the Annual Maintenance Fee in accordance with this **Attachment I** will be a material default by Customer under the Contract, and Chevron ES, in addition to any other legal, contractual and equitable remedies available to it, will have no obligation thereafter to provide PM Services.

Any amount not paid when due will, from and after the due date, bear Interest. Accrued and unpaid Interest on past due amounts (including Interest on past due Interest) will be due and payable upon demand.

The Annual Maintenance Fee is not refundable for any reason.

Upon completion of any maintenance or repair work, Chevron ES will update service logs detailing the work performed, location and any notes relevant to safe and efficient operations. These service logs will be compiled and submitted to the Customer on a quarterly basis.

If Chevron ES is no longer the provider of PM Services, the Customer’s new provider will maintain similar service logs. Chevron ES will have reasonable access to inspect service logs to determine that adequate PM Services are being performed.

**III. Preventive Maintenance Services Provided**

Chevron ES will provide the following PM Services during the term:

- a. Inspection: Inspect PV modules, combiner boxes, inverters, isolation transformers, and PV service roof penetrations

- and support structure on an annual basis.
- b. Testing: Perform voltage testing, amperage testing, and infrared scans of inverters, combiner boxes, disconnects and switchgear on a semi-annual basis.
- c. Monitoring: Monitor system performance on a daily basis for a five (5) year period.
- d. Cleaning:
  - i. Remove dust, dirt, and debris from outside and inside cabinets of combiner boxes, inverters, transformers, and disconnect switches on an annual basis.

#### **IV. Repair Services**

- a. Covered Equipment: Components of the Generating Facilities installed under this **Attachment I** include:
  - 1. Inverters
  - 2. Photovoltaic Panels
  - 3. Combiner Boxes
  - 4. Disconnect Switches
  - 5. AC and DC Power Wire
  - 6. Meters integral with Inverters
- b. Exclusions:
  - 1. Array structure
  - 2. Lighting
  - 3. Roofing
  - 4. Paint or finish
  - 5. Concrete
  - 6. Asphalt
  - 7. Bollards
  - 8. Conduit
  - 9. Data acquisition systems
  - 10. Meters
  - 11. Data acquisition communication wire
- c. If a Generating Facility is damaged due to a Force Majeure Event, Customer's negligence, or any other event beyond the control of Chevron ES, Chevron ES will provide repairs as required to restore the Generating Facilities to normal operating parameters or to replace deteriorated, damaged, parts and equipment. The Customer will compensate Chevron ES for such repairs/replacement on a time and material basis, with Chevron ES providing back-up cost detail for actual, reasonable costs including reimbursable expenses, multiplied by 1.15.
- d. "Repairs" will include any of the following as necessary: Procuring parts or materials, removing damaged or out-of-specifications parts or materials, installing repaired or replacement parts or materials, and testing.

#### **V. Services And Equipment To Be Covered By Customer**

Chevron ES's obligations under this **Attachment I** are expressly conditioned upon Customer's payment of the Annual Maintenance Fee and providing and being responsible for the following, without cost to Chevron ES:

- a. The Generating Facilities described herein will be made available to Chevron ES as of the Contract Effective Date.
- b. Operate and maintain security systems associated with Generating Facilities.
- c. Customer will be responsible for maintenance of all landscaping in and around Generating Facilities including tree trimming and weed abatement.
- d. Customer will be responsible for pressure washing the solar panels, as needed.
- e. Allowing Chevron ES and its personnel access as necessary to the Generating Facilities, and any related areas that may be reasonably necessary for performance of the PM Services, including reasonable work, parking, and equipment staging areas.
- f. Allowing Chevron ES and its personnel to access electrical power and other utilities then existing at the Generating Facilities as necessary for Chevron ES to satisfy its obligations under the Contract, all free of charge to Chevron ES.
- g. Customer will be responsible pursuant to Applicable Law for the remediation of any known Hazardous Substances encountered by Chevron ES during the performance of the PM Services which Hazardous Substances were not deposited by Chevron ES, including any backfill with clean soil as may be reasonably required.
- h. Customer will insure the Generating Facilities against loss due to acts of God and the public enemy; flood, earthquake, tornado, storm, fire; civil disobedience, sabotage, and vandalism.
- i. Chevron ES will have no obligation to provide the PM Services to the extent such provision of PM Services is materially adversely affected by Customer's failure to satisfy the conditions set forth in this **Attachment I**.

**RESOLUTION NO. 2013 – 11**

**RESOLUTION OF CITY COUNCIL OF THE CITY OF LEMOORE  
APPROVING THE FORM OF AND AUTHORIZING AND DIRECTING  
EXECUTION AND DELIVERY OF A LOAN AGREEMENT;  
APPOINTING CERTAIN FINANCIAL CONSULTANTS IN  
CONNECTION THEREWITH; AND PROVIDING FOR OTHER  
MATTERS PROPERLY RELATED THERETO**

WHEREAS, the City Council, after due investigation and deliberation, has determined that it is in the public interests of the City at this time to provide for the financing of the Chevron Solar project (the “Project”); and

WHEREAS, for the purpose of providing financing for the Project, Pinnacle Public Finance, Inc. (the “Lender”) has proposed in a proposal dated April 26, 2013, to make a tax-exempt loan (the “Loan”) to the City at an interest rate of 2.48% and in an amount not to exceed \$7,225,000 pursuant to terms and conditions of a Loan Agreement, dated as of May 1, 2013, by and between the Lender and the City (the “Loan Agreement”), a copy of which has been presented at this meeting and is on file with the City Clerk; and

WHEREAS, pursuant to the Loan Agreement, the City will make loan payments (the “Loan Payments”) from the net revenues of its water enterprise (the “Enterprise”) operations, sufficient in amount to pay back the debt service on the Loan from the Lender, as more particularly set forth in the Loan Agreement; and

WHEREAS, the City Council, with the aid of its staff, has reviewed the Loan Agreement, the form of which are on file with the City Clerk, and the Council wishes at this time to approve the foregoing document as being within the public interests of the City; and

WHEREAS, in order to efficiently accomplish the procurement of the Loan, and the execution and delivery of the Loan Agreement, the City desires to appoint a financial advisor, placement agent, and bond counsel to provide the necessary professional services in connection therewith; and

WHEREAS, the City Council wishes at this time to authorize all actions and proceedings relating to the procurement of the Loan, the execution and delivery of the Loan Agreement, and the acquisition and construction of the Project; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

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

Section 1. The foregoing Findings are adopted as findings of the City Council as though set forth fully herein.

Section 2. The Mayor, Acting City Manager, Finance Director, City Clerk and any other person authorized by the Council to act on behalf of the City shall each be an "Authorized Representative" of the City for the purposes of structuring and providing for the issuance of the Loan Agreement, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the City, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the consummation of the Loan and the Project, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Council has approved in this Resolution.

Section 3. The Council hereby authorizes and approves the Loan from the Lender to the City pursuant to the terms and conditions of the April 26, 2013 proposal and the Loan Agreement. The Council hereby approves the Loan Agreement in substantially the form on file with the City Clerk, together with any additions thereto or changes therein (including, but not limited to, the final amount of the Loan, the final Loan payment schedule, and prepayment provisions) deemed necessary or advisable by the City Attorney and an Authorized Representative of the City. Any Authorized Representative of the City is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest and affix the seal of the City to, the final form of the Loan Agreement for and in the name and on behalf of the City, and the execution thereof shall be conclusive evidence of the Council's approval of any such additions and changes. The Council hereby authorizes the delivery and performance of the Loan Agreement.

Section 4. The proceeds received by the City from the proceeds of the Loan shall be applied to pay certain costs of issuance (not to exceed \$68,000) and for the purpose of paying Project Costs, as defined in the Loan Agreement.

Section 5. The City Council hereby appoints The Weist Law Firm as Bond Counsel, Cooperman Associates as Financial Advisor, and Southwest Securities as Placement Agent in connection with the financing described in this Resolution. An Authorized Representative is authorized and directed to execute an agreement with each of such firms in the respective forms on file with the City Clerk. As provided in such agreements compensation payable to Financial Advisor, Placement Agent and Bond Counsel is entirely contingent upon the successful completion of the financing proceedings and shall be paid from a portion of the proceeds of the Loan pursuant to the Costs of Issuance set forth in the Loan Agreement, which is approved herein.

Section 6. The Mayor, Acting City Manager, Finance Director, City Clerk and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by this Resolution and the Loan Agreement. Whenever any officer of the City is authorized to execute or countersign any document or take any action contemplated by this Resolution and the Loan Agreement, such

execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 7. The Council hereby finds and determines that it has taken all of the foregoing actions, and made all of the foregoing findings, in full compliance with the law, and that all prior proceedings taken with respect to the Project were duly considered, and are hereby considered valid and in conformity with the requirements of law.

Section 8. This Resolution shall take effect from and after the date of its passage and adoption.

Passed and adopted at a Regular Meeting of the City Council of the City of Lemoore held on the 7th day of May, 2013 by the following vote:

AYES:  
NOES:  
ABSTAINING:  
ABSENT:

APPROVED:

\_\_\_\_\_  
William M. Siegel, Jr., Mayor

ATTEST:

\_\_\_\_\_  
Kristie R. Baley, City Clerk

CERTIFICATE

STATE OF CALIFORNIA )  
COUNTY OF KINGS ) ss.  
CITY OF LEMOORE )

I, Kristie R. Baley, City Clerk of the City of Lemoore, do hereby certify the foregoing Resolution of the City Council of the City of Lemoore was duly passed and adopted at a Regular Meeting of the City Council held on May 7, 2013.

DATED: May 7, 2013

\_\_\_\_\_  
Kristie R. Baley, City Clerk

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**WATER LOAN AGREEMENT**

Dated as of May 7, 2013

By and Between

**CITY OF LEMOORE**

And

**PINNACLE PUBLIC FINANCE, INC.**

Providing for the

\$7,217,155  
CITY OF LEMOORE  
SERIES 2013 WATER REVENUE LOAN  
(2013 SOLAR PROJECT)

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## **WATER LOAN AGREEMENT**

**THIS WATER LOAN AGREEMENT**, (this “Loan Agreement”), dated for convenience as of May 1, 2013, is by and between PINNACLE PUBLIC FINANCE, INC., a Delaware corporation duly organized and existing under the laws of the State of Delaware, with all right and authority to conduct business in the State of California (the “Lender”), and the CITY OF LEMOORE, a municipal corporation and charter city, duly organized and existing under the laws of the State of California (the “City”);

### **WITNESSETH:**

**WHEREAS**, the City presently owns and operates certain facilities and property for its domestic water system (the “Enterprise”), and in order to finance the acquisition and construction of various capital improvements to the Enterprise, the City proposes to accept a tax-exempt loan, hereby designated the “City of Lemoore, Series 2013 Water Revenue Loan (Series 2013 Solar Project)” (the “Loan”) from the Lender pursuant to terms and conditions of this Loan Agreement; and

**WHEREAS**, the principal of and interest and redemption premium (if any) on the Loan, and any bonds or other obligations issued on a parity therewith as provided herein, will be payable from and secured by a pledge of and lien on the Net Revenues derived from the Enterprise, as expressly set forth in this Loan Agreement; and

**WHEREAS**, in order to provide for the execution and delivery of this Loan Agreement, to establish and declare the terms and conditions upon which the Loan is to be made and secured, and to secure the payment of the principal thereof, premium (if any) and interest thereon, the City has authorized the execution and delivery of this Loan Agreement; and

**WHEREAS**, all things necessary to make the Loan when issued, executed and delivered, the valid and binding obligation of the City, and to constitute this Loan Agreement as a valid pledge of the revenues herein pledged to the payment of the principal of, prepayment premium, if any, and interest on the Loan have been done and performed, as required by law, and the City is now fully authorized to enter into this Loan Agreement, subject to the terms hereof;

**NOW, THEREFORE, THIS LOAN AGREEMENT WITNESSETH**, that in order to secure the payment of the principal of and the interest and premium (if any) on the Loan at any time Outstanding under this Loan Agreement, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Loan is premised, and in consideration of the premises and of the mutual covenants herein contained and of the making of the Loan by the Lender, and for other valuable considerations, the receipt whereof is hereby acknowledged, the City does hereby covenant and agree, for the benefit of the Lender from time to time of the Loan, as follows:

## ARTICLE I

### DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

“Acquisition,” “Acquire” or “Acquisition and Construction” means, with respect to any portion of the Project, the acquisition, construction, improvement, equipping, renovation, remodeling or reconstruction thereof.

“Authorized Representative” means the City’s Mayor, Mayor Pro Tem, City Manager, Finance Director, City Clerk, or any other person designated as an Authorized Representative of the City by a Certificate of the City signed by its Mayor, Mayor Pro Tem, or City Manager and filed with the City.

“Additional Revenues” means, with respect to the issuance of any Parity Obligations, an allowance for Net Revenues (i) arising from any increase in the charges made for service from the Enterprise, adopted prior to the incurring of such Parity Obligations and effective within eighteen (18) months following the date of incurring such Parity Obligations, in an amount equal to the total amount by which the Net Revenues for the Enterprise would have been increased if such increase in charges had been in effect during the whole of the most recent completed Fiscal Year or during any more recent twelve (12) month period selected by the City, and (ii) arising from any increase in service connections to the Enterprise, prior to the incurring of such Parity Obligations, in an amount equal to the total amount by which the Net Revenues for the Enterprise would have been increased if such connections had been in existence during the whole of the most recent complete Fiscal Year or during any more recent twelve (12) month period selected by the City, all as shown by the certificate or opinion of an Independent Financial Consultant.

“Bond Counsel” means a firm of nationally-recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

“Certificate,” “Request” and “Requisition” of the City means a written certificate, request or requisition signed in the name of the City by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“City” means the City of Lemoore, a municipal corporation and charter city duly organized and existing under and by virtue of the laws of the State of California.

“Council” means the City Council of the City.

“City Manager” means the City Manager of the City, or any other person designated by the City Manager to act on behalf of the City Manager.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury regulations, including temporary and proposed regulations relating to each such section that are applicable to the Parity Obligations or the use of the proceeds thereof.

“Closing Date” means the date on which the Loan is funded by the Lender.

“Debt Service” means, for any Fiscal Year, the sum of (1) the interest falling due during such Fiscal Year on all Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued), assuming that all outstanding serial Parity Obligations are retired as scheduled and that all outstanding term Parity Obligations are redeemed from sinking fund payments as scheduled (except to the extent that such interest has been fully capitalized and is invested in Federal Securities that mature at times and in such amounts as are necessary to pay the interest to which such amounts are pledged), (2) the principal amount of all serial Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued) falling due by their terms during such Fiscal Year, and (3) the minimum amount of term Parity Obligations (that are outstanding under the documents or agreements pursuant to which they were issued) required to be paid or called and redeemed during such Fiscal Year, together with the redemption premiums, if any, thereon; provided that, whenever interest as described herein accrues at other than a fixed rate, such interest shall be assumed to be a rate equal to the greater of (i) the actual rate on the date of calculation, or if the Parity Obligations are not yet outstanding, the initial rate (if established and binding), (ii) if the Parity Obligations have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Parity Obligations is excludable from gross income under the applicable provisions of the Code, the most recently published The Bond Buyer Bond Revenue Index (or comparable index if no longer published) plus one hundred fifty (150) basis points, or (y) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities, plus one hundred fifty (150) basis points.

“Default Rate” means a rate of interest equal to the interest rate with respect to the Loan Payments, plus 3%.

“Enterprise” means, collectively, the entire water collection, storage, treatment, transmission and distribution system now owned or operated by the City, and all other properties, structures or works hereafter acquired and constructed by the City and determined to be a part of the Water Enterprise, including, but not limited to, any and all properties and assets, real and personal, tangible and intangible, of the City, now or hereafter existing, used or pertaining to the collection, storage, treatment, transmission and distribution system, including all contractual rights to water supply and transmission, as well as all pipes, valves, machinery and all other appurtenances necessary, useful or convenient for the collection, storage, treatment, transmission and distribution of water, and any necessary lands, rights of way and other real or personal property useful in connection therewith, and all additions, extensions, expansions, improvements and betterments thereto and equipments thereof.

“Event of Default” means an event described in Section 6.1 hereof.

“Federal Securities” means direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States), or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the City, as applicable, as its official fiscal year period.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or his or her successor for special districts in the State of California, or failing the prescription of such procedures means generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Council or its successor.

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

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the City that is independent according to the Statement of Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Independent Engineer” means any registered engineer or firm of engineers generally recognized to be well-qualified in engineering matters relating to water systems similar to the Enterprise, appointed and paid by the City, and who or each of whom:

- (1) is in fact independent and not under the domination of the City;
  - (2) does not have a substantial financial interest, direct or indirect, in the City;
- and
- (3) is not connected with the City as a board member, officer or employee of the City, but may be regularly retained to make reports to the City.

“Independent Financial Consultant” means a financial consultant qualified in the field of municipal finance, appointed and paid by the City, and who:

- (1) is in fact independent and not under the domination of the City or any member thereof;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the City; and

(3) is not connected with the City as an officer or employee of the City or any member thereof, but may be regularly retained to audit the accounting records of and make reports thereon to the City.

“Insurance Consultant” means any nationally recognized independent actuary, insurance company or broker that has actuarial personnel knowledgeable with respect to insurance carried, by, required for and available to special districts operating facilities similar to the Enterprise, including a pooled self-insurance program in which premiums are established on the basis of the recommendation of an actuary of national reputation.

“Interest Component” means the portion of each Loan Payment designated as Interest Component, as such is set forth on Exhibit A hereto.

“Lender” means (a) initially, Pinnacle Public Finance, Inc., a Delaware corporation, or (b) any assignee or transferee of any right, title or interest of the Loan, including the right, title and interest in this Loan Agreement and other amounts due hereunder.

“Loan” means the City of Lemoore, Series 2013 Water Revenue Loan (Series 2013 Solar Project), made pursuant to this Loan Agreement.

“Loan Payments” means all payments required to be paid by the City, as such is set forth on Exhibit A hereto, on each Loan Payment Date pursuant to Section 4.2, and including any prepayment thereof pursuant to Section 3.4 or 3.5 hereof.

“Loan Proceeds” means the \$7,217,155 amount received by the City from the Lender.

“Loan Payment Date” or “Payment Date” means November 1 and May 1 in each year, commencing November 1, 2013 and continuing to and including the date on which the Loan Payments have been paid in full.

“Maintenance and Operation Costs” means the reasonable and necessary costs and expenses paid or incurred by the City for maintaining and operating the Enterprise, determined in accordance with Generally Accepted Accounting Principles, including but not limited to (a) costs of acquisition of water, including all associated treatment and delivery costs, to be used by the Enterprise, (b) costs of electricity and other forms of energy supplied to the Enterprise, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Enterprise in good repair and working order, (d) the reasonable administrative costs of the City attributable to the operation and maintenance of the Enterprise, such as salaries and wages of employees, overhead, taxes (if any) and insurance premiums, and (e) all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms hereof or of any resolution authorizing the issuance of any Parity Obligations or of such Parity Obligations, such as compensation, reimbursement and indemnification of the trustee for any such Parity Obligations and fees and expenses of Independent Certified Public Accountants and independent engineers, but in all cases excluding (i) debt service payable on obligations incurred by the City with respect to the Enterprise, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other bookkeeping entries of a similar nature.

“Material Litigation” means any action, suit, proceeding, inquiry or investigation against the City in any court or before any arbitrator of any kind or before or by any Governmental Authority, of which the City has notice or knowledge and which, (i) if determined adversely to the City, may have a Material Adverse Effect, (ii) seek to restrain or enjoin any of the transactions contemplated hereby, or (iii) may adversely affect (A) the exclusion of interest with respect to the Loan Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (B) the ability of the City to perform its obligations under this Loan Agreement.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the City, (b) the ability of the Distinct to carry out its business in the manner conducted as of the date of this Loan Agreement or to meet or perform its obligations under this Loan Agreement on a timely basis, (c) the validity or enforceability of this Loan Agreement, or (d) the exclusion of interest with respect to the Loan Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

“Maximum Annual Debt Service” means the greatest amount of Debt Service with respect to the Parity Obligations to which reference is made coming due in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year.

“Net Proceeds” means, when used with respect to any condemnation award or with respect to any insurance proceeds, the amount of such condemnation award or such insurance proceeds remaining after payment of all reasonable expenses (including attorneys’ fees) incurred in the collection of such award or such proceeds.

“Net Revenues” means for any period, all of the Revenues during such period less all of the Maintenance and Operation Costs during such period.

“Parity Obligations” means the Loan Payments, and all other bonds, notes, loan agreements, installment sale agreements, leases, or other obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues incurred on a parity with the Loan, issued in accordance with Section 5.13 hereof.

“Parity Payments” means all payments scheduled to be paid by the City under Parity Obligations.

“Principal Component” means the portion of each Loan Payment designated as Principal Component, as such is set forth on Exhibit A hereto.

“Project” means the land, improvements, equipment and other property comprising the project described more fully in Exhibit B attached hereto and by this reference incorporated herein, as such description may be amended by the City from time to time pursuant to and in accordance with the terms hereof.

“Project Fund” means the fund by that name established pursuant to Section \_\_. \_\_ hereto.

“Registration Books” means the records maintained by the City pursuant to Section 2.06 for the registration and transfer of ownership of the Loan.

“Resolution” means the Resolution No. 2013-11, adopted by the City Council of the City on May 7, 2013, authorizing the execution and delivery of this Loan Agreement, and otherwise providing for the execution and delivery of the Loan.

“Revenue Fund” means the fund by that name established and maintained pursuant to Section 4.2 hereof.

“Revenues” means all gross income and revenue received or receivable by the City from the ownership and operation of the Enterprise, calculated in accordance with Generally Accepted Accounting Principles, including all rates, fees, charges (including connection fees), insurance proceeds and condemnation awards received by the City and all other income and revenue howsoever derived by the City from the Enterprise; provided, however, that (i) any specific charges levied for the express purpose of reimbursing others for all or a portion of the cost of the acquisition or construction of specific water facilities, (ii) grants that are designated by the grantor for a specific water purpose and are therefore not available for other purposes, (iii) customers’ water related deposits or any other water related deposits subject to refund until such deposits have become the property of the City, (iv) the proceeds of any *ad valorem* property taxes, and (v) the proceeds of any special assessments or special taxes levied upon real property within any improvement City served by the City for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Enterprise, are not Revenues and are not subject to the lien hereof. Notwithstanding the foregoing, there shall be deducted from Revenues any amounts (of Revenues) transferred into the Rate Stabilization Fund as contemplated by Section 5.3(d) hereof, and there shall be added to Revenues any amounts transferred out of the Rate Stabilization Fund and into the Revenue Fund, as contemplated by Section 5.3(d) hereof.

“State” means the State of California.

“Subordinate Debt” means indebtedness or other obligations (including but not limited to leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Net Revenues subordinate to the pledge and lien securing the Loan Payments.

“Tax Regulations” means temporary and permanent regulations promulgated under or with respect to Sections 103, 141, 148 and all related sections of the Code.

“Term” or “Term of this Loan Agreement” means the time during which this Loan Agreement is in effect, as provided in Section 3.3 hereof.

Section 1.2. Liability of City Limited to Net Revenues. Notwithstanding anything to the contrary contained in this Loan Agreement, the City shall not be required to advance any money derived from the proceeds of any taxes collected for the use and benefit of the City, or from any source of income other than the Net Revenues, for the payment of the principal of or interest or prepayment premiums, if any, on the Loan or for the performance of any covenants herein contained, nor for the maintenance and operation of the Enterprise from any source of income other than the Revenues. The City may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring any indebtedness.

The Loan shall be payable exclusively from the Net Revenues as in this Loan Agreement provided. The credit or taxing power of the City is not pledged for the payment of the Loan or its interest. The Lender shall never have the right to compel the exercise of the taxing power of the City. The principal of and interest on the Loan and any prepayment premiums upon the prepayment thereof shall not be a debt of the City, nor a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the City or any of its income, receipts, or revenues, except the Net Revenues pledged to the payment thereof as provided in this Loan Agreement.

Section 1.3. Benefits of Loan Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the City and the Lender any right, remedy or claim under or pursuant hereto. Any agreement or covenant required herein to be performed by or on behalf of the City shall be for the sole and exclusive benefit of the Lender.

Section 1.4. Successor Is Deemed Included in all References to Predecessor. Whenever the City is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the City, and all agreements and covenants required hereby to be performed by or on behalf of the City shall bind and inure to the benefit of the successors thereof whether so expressed or not.

Section 1.5. Waiver of Personal Liability. No member of the Council and no officer, agent, or employee of the City, or of any department or agency thereof, shall be individually or personally liable for the payment of the principal of or interest on the Loan, but nothing contained herein shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or hereby.

Section 1.6. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. Words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to the Loan Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 1.7. Partial Invalidation. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the City shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or the Loan; but the Lender shall retain all the rights and benefits accorded to it under any applicable provisions of law. The City hereby declares that it would have adopted this Loan Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

## ARTICLE II

### REPRESENTATIONS OF THE CITY

Section 2.1. Representations of the City. The City makes the following representations:

- (a) The City is a municipal corporation and charter city duly organized and existing under and pursuant to the laws of the State of California.
- (b) The City has full legal right, power and authority to enter into this Loan Agreement and to enter into the transactions contemplated herein, and to carry out its obligations under the Loan Agreement and the transactions contemplated herein, and to carry out its obligations hereunder and thereunder.
- (c) With the exception of the pledge of the Net Revenues hereunder, the Net Revenues have not otherwise been pledged and there are no other liens against the Net Revenues, senior to, or on parity with the Loan Payments.
- (d) The City's comprehensive annual financial report for the period ended June 30, 2012, presents fairly the financial condition of the City and the Enterprise as of the date hereof and the results of operation for the period covered thereby. Except as has been disclosed to the Lender, there has been no change in the financial condition of the City or the Enterprise since June 30, 2012, that will in the reasonable opinion of the City materially impair its ability to perform its obligations under this Loan Agreement. All information provided by the City to the Lender with respect to the financial performance of the Enterprise is accurate in all material respects as of its respective date and does not omit any information necessary to make the information provided not misleading.
- (e) As currently conducted, the City's activities with respect to the Enterprise are in all material respects in compliance with all applicable laws, administrative regulations of the State of California and of the United States and any agency or instrumentality of either, and any judgment or decree to which the City is subject.
- (f) The City has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, or any obligation of the same general nature as the Loan, or under any of its bonds, notes, or other obligations of indebtedness for which its revenues or general credit are pledged.
- (g) Prior to making any voluntary disclosures of this Loan Agreement with the Municipal Securities Rulemaking Council's Electronic Municipal Market Access or another similar disseminating agent or organization, the City will provide the Lender and its counsel a reasonable opportunity to review and approve such voluntary disclosure, and, if appropriate, redact any private or confidential information.

- (h) As long as the Loan of the City is outstanding, the City will notify the Lender or its designee, within 10 days, following the date of an event that will have a material impact on the financial condition of the City.
- (i) Neither the execution and delivery of this Loan Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a material breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound or constitutes a default under any of the foregoing.
- (j) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City or affecting the corporate existence of the City or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the entering into of this Loan Agreement or in any way contesting or affecting the transactions contemplated hereby or thereby or the validity or enforceability of this Loan Agreement or contesting the powers of the City or any authority for the execution and delivery of this Loan Agreement.
- (k) The Loan Agreement is a valid and binding obligation of the City enforceable in accordance with its terms.
- (l) The City has duly authorized and executed this Loan Agreement in accordance with the laws of the State.
- (m) No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Loan Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.
- (n) Since the most current date of the information, financial or otherwise, supplied by the City to the Lender:
  - (i) There has been no change in the assets, liabilities, financial position or results of operations of the City which might reasonably be anticipated to cause a Material Adverse Effect;
  - (ii) The City has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect; and
  - (iii) The City has not (A) incurred any material indebtedness, other than the Loan Payments and trade accounts payable arising in the ordinary course of the City's business and not past due, or (B) guaranteed the indebtedness of any other person.

## ARTICLE III

### TERMS OF THE LOAN

Section 3.1. Obligation to Make Loan; Amount and Application of Loan Proceeds. The Lender hereby agrees to lend to the City, and the City hereby agrees to borrow from the Lender, the amount of \$7,217,155 under the terms and provisions set forth in this Loan Agreement. The Loan shall be made by the Lender to the City in immediately available funds on the Closing Date. The Lender hereby agrees to apply a portion of the Loan Proceeds in the amount of \$68,000 to be applied to pay the costs incurred in connection with the making of the Loan, as directed in writing by the City. The City agrees on the Closing Date to direct that the remaining balance of the Loan Proceeds, in the amount of \$7,149,155 be wire transferred to the City for deposit into the Project Fund, for the purpose of paying Project Costs. The Loan Proceeds are estimated to be sufficient to pay the estimated Acquisition and Construction Costs of the Project and the Cost of Issuance. In the event said amount in the Project Fund is insufficient to pay the construction cost for the Project, the City agrees to contribute the amount necessary to pay the balance of the Acquisition and Construction Costs. The City agrees that the payment of such contribution will have no effect on the City's obligations created in this Loan Agreement.

Section 3.2. Acquisition and Construction of the Project. The City hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided, for the Acquisition and Construction of the Project in accordance with plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the City pursuant to all applicable requirements of law. Direct payment of the Project Costs shall be made from amounts on deposit in the Project Fund, pursuant to Section 3.7 hereto. All contracts for, and all work relating to, the Acquisition and Construction of the Project shall be subject to all applicable provisions of law relating to the acquisition and construction of public works by the City. The City expects that the Acquisition and Construction of the Project will be completed on or before May 1, 2015; provided, however, that the failure to complete any Project by the estimated Completion Date thereof shall not constitute an Event of Default hereunder or a grounds for termination hereof, nor shall such failure result in the diminution, abatement or extinguishment of the obligations of the City hereunder.

The City shall have the right from time to time in its sole discretion to amend the description of the Project to be financed by the City hereunder. In order to exercise such right, the City shall file with the Lender an amended Exhibit B hereto.

Upon the completion of the Acquisition and Construction of the Project, the amounts, if any, on deposit in the Project Fund shall be transferred by the City for deposit in the Enterprise utility fund and the City shall close the Project Fund.

Section 3.3. Term of the Loan. The Term of this Loan Agreement shall commence on the Closing Date, and shall end on the date on which the Loan shall be paid in full or provision for such payment shall be made as provided herein.

Section 3.4. Optional Prepayment. [On and after October 1, 2018, the City shall have the option to prepay the unpaid Principal Components of the Loan in whole or in part (but if in part, only in minimum increments of \$100,000; except in the case where the total unpaid Principal Components is less than \$100,000, which then may be paid in full for the remaining balance thereof), on any date, by paying a prepayment price equal to the aggregate amount of Principal Components to be prepaid, together with the interest required to be paid thereon on such Loan Payment Date, plus a prepayment penalty of one percent (1%).]

The City shall give the Lender notice of its intention to exercise its option not less than thirty (30) days in advance of the date of exercise.

Section 3.5. Prepayment upon Casualty Loss or Governmental Taking. At its option, and upon thirty (30) days' prior written notice to the Lender, the Loan shall be subject to prepayment as a whole or in part on any date, from the Net Proceeds of casualty insurance or a governmental taking of the Enterprise or portions thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms prescribed herein, at a prepayment price equal to the sum of the principal prepaid plus accrued interest thereon to the date fixed for prepayment, together with a premium in the amount set forth in Section 3.4 hereof.

Section 3.6. Execution of the Loan Agreement. The execution of this Loan Agreement by an Authorized Representative shall constitute conclusive evidence of such officers' and the Council's approval hereof, including any changes, insertions, revisions, corrections, or amendments as may have been made hereto.

Section 3.7. Project Fund. The City shall establish, maintain and hold in trust a separate special trust fund to be designated the "2013 Project Fund" (herein referred to as the "Project Fund"). There shall be deposited in the Project Fund the amounts indicated in Section 3.1 of this Loan Agreement. The Project Fund shall be kept separate and apart from all other funds and accounts held by the City and shall be administered as provided herein.

Section 3.8. Application of Loan Proceeds. The Project Fund money shall be deposited in an account of the City so designated with \_\_\_\_\_ Bank, \_\_\_\_\_, California (Account # \_\_\_\_\_). Said account shall require that any withdrawals therefrom shall first require the signature of an Authorized Representative of a Requisition of the City, in a form which: (A) states with respect to each disbursement to be made (i) the name and address of the person, firm or corporation to whom payment will be made, (ii) the amount to be disbursed, (iii) that each obligation mentioned therein is a proper charge against the Project Fund and has not previously been disbursed by the City from amounts in the Project Fund, and (vi) that the amount of such disbursement is for a Project Cost; (B) specifies in reasonable detail the nature of the obligation; and (C) is accompanied by a bill or statement of account (if any) for each obligation.

Section 3.9. Reserved.

Section 3.10. Assignment by the Lender. The Lender's right, title and interest in and to this Loan Agreement and all proceeds, with prior written notice to the City, may be assigned and reassigned in whole to one or more assignees or subassignees by Lender, without the necessity of

obtaining the consent of City; provided, assignees or subassignees represent in writing to Lender that (i) such purchaser has sufficient knowledge and experience in financial and business matters to be able to evaluate the risks and merits of the investment, (ii) such purchaser understands that neither the Loan Agreement or the Loan will be registered under the Securities Act of 1933, (iii) such purchaser is either an “accredited investor” within the meaning of Regulation D under the Securities Act of 1933, or a qualified institutional buyer within the meaning of Rule 144A, and (iv) it is the present intention of such purchaser to acquire such interest (A) for investment for its own account or (B) for resale in a transaction exempt from registration under the Securities Act of 1933.

Section 3.11. Closing Conditions. The Lender has entered into this Loan Agreement in reliance upon the representations and warranties of the City contained in this Loan Agreement and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the City of the obligations of the City pursuant to this Loan Agreement at or prior to the Closing Date. Accordingly, the obligation of Lender to consummate the Loan and execute this Loan Agreement is subject to the fulfillment to the reasonable satisfaction of the Lender of the following conditions:

(a) The representations and warranties of the City contained in this Loan Agreement shall be true, complete and correct on the Closing Date.

(b) All representations, warranties and covenants made herein, and in certificates or other instruments delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Lender notwithstanding any investigation heretofore or hereafter made by the Lender or on their behalf.

(c) On the Closing Date, the Resolution and this Loan Agreement shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Lender.

(d) On the Closing Date, the City will have adopted and there will be in full force and effect such resolutions as in the opinion of Bond Counsel and counsel to the Lender shall be necessary in connection with the transactions contemplated by this Loan Agreement, and all necessary action of the City relating to the issuance of the Loan will have been taken, will be in full force and effect and will not have been amended, modified or supplemented, except as may have been agreed to in writing by the Lender.

(e) At or prior to the Closing Date, the Lender will have received the following documents:

(i) the approving opinions, dated the Closing Date and addressed to the Lender, of Bond Counsel in form and content satisfactory to the Lender and its counsel, (I) addressing the tax-exempt status of the interest on the Loan, and (II) the Loan Agreement has been duly authorized, executed and delivered by the City and are legal, valid and binding obligations of the City, enforceable in accordance with its terms subject to customary exceptions for bankruptcy and judicial discretion..

(ii) a certificate or certificates, dated the date of the Closing and signed on behalf of the City by an Authorized Representative, to the effect that (I) the representations and warranties contained in this Loan Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing; (II) no litigation of any nature is then pending or, to his or her knowledge, threatened, seeking to restrain or enjoin the issuance and delivery of the Loan or the levy or collection of revenues to pay the principal thereof and interest thereon, questioning the proceedings and authority by which such pledge is made, affecting the validity of the Loan or contesting the existence or boundaries of the City or the title of the present officers to their respective offices; (III) no authority or proceedings for the issuance of the Loan has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Loan has been filed with or received by the City; and (IV) the City has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the Closing Date.

(iii) a certified copy of the Resolution;

(iv) the items required by the Resolution as conditions for execution and delivery of the Loan;

(v) a non-arbitrage tax certificate of the City, in form and substance satisfactory to Bond Counsel;

(vi) the filing copy of the Information Return Form 8038-G; and

(vii) such additional legal opinions, certificates, instruments and other documents as the Lender or its counsel may reasonably request to evidence the truth and accuracy, as of the date of this Loan Agreement and as of the Closing Date, of the representations, warranties, agreements and covenants of the City contained herein and the due performance or satisfaction by the City at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the City.

## **ARTICLE IV**

### **SECURITY**

Section 4.1. Pledge of Net Revenues. The City hereby irrevocably pledges all of the Net Revenues to the punctual payment of the Loan Payments. This pledge shall constitute a first lien on the Net Revenues for the payment of the Loan in accordance with the terms hereof, which lien is on parity with the lien on Net Revenues that secures the payment of Parity Obligations. The Net Revenues will not be used for any other purpose while any of the Loan Payments are unpaid.

Section 4.2. Repayment of the Loan. The City hereby agrees to repay the Loan from Net Revenues in the aggregate principal amount of \$7,217,155 together with interest (calculated

at the rate of two and forty-eight hundredths percent (2.480%) on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semiannual Loan Payments in the respective amounts and on the respective Loan Payment Dates specified in Exhibit A hereto, and by this reference made a part hereof.

The Loan Payments shall be paid by the City to the Lender as follows:

Payments by wire:  
Pinnacle Public Finance, Inc.  
ABA#: \_\_\_\_\_  
For Credit to: \_\_\_\_\_  
DO NOT POST. CONTACT \_\_\_\_\_  
Reference: Loan # City of Lemoore

Section 4.3. Revenues; Application of Revenue Fund. The City hereby covenants and agrees that all Revenues, when and as received, will be received and held by the City in trust for the benefit of the Lender and owners of any Parity Obligations, and will be allocated and deposited by the City in the Revenue Fund (which the City hereby covenants and agrees to establish and maintain so long as the Loan remains outstanding). All Revenues shall be disbursed, allocated and applied solely to the uses and purposes set forth as follows:

(a) All Revenues in the Revenue Fund shall be set aside or used by the City or deposited by the City with the trustee or fiscal agent with respect to Parity Obligations, as the case may be, as follows and in the following order of priority:

(1) Maintenance and Operation Costs. In order to carry out and effectuate the pledge and lien contained herein, the City agrees and covenants to pay all Maintenance and Operation Costs of the Enterprise (including amounts reasonably required to be set aside in contingency reserves for the Enterprise, the payment of which is not then immediately required) from the Revenue Fund as they become due and payable. The City shall annually prepare a budget for Maintenance and Operation Costs.

(2) Debt Service. Debt Service shall be paid in accordance with the terms hereof and of any Parity Obligations, respectively, without preference or priority, and, in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(3) Reserve Accounts. Payments required to replenish any debt service reserve accounts established for Parity Obligations shall be made in accordance with the terms hereof and such Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys, ratably without any discrimination or preference.

(4) Subordinate Debt Repayment. Payments relating to principal and interest on or with respect to Subordinate Debt in accordance with the terms of such Subordinate Debt, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(5) Subordinate Debt Reserve Accounts. To make payments required with respect to Subordinate Debt to replenish reserve accounts established therefor in accordance with the terms of such Subordinate Debt, without preference or priority, and in the event of any insufficiency of such moneys, ratably based on the respective principal amounts (including any accreted value) without any discrimination or preference.

(6) General Expenditures. For any lawful purpose of the City, including, but not limited to, any costs of capital improvements to the Enterprise.

Section 4.4. Special Obligation of the City; Obligations Absolute. The City's obligation to pay the Loan Payments shall be a special obligation of the City limited solely to Net Revenues. Under no circumstances shall the City be required to advance moneys derived from any source of income other than Net Revenues and other sources specifically identified herein for the payment of the Loan Payments, nor shall any other funds or property of the City be liable for the payment of the Loan Payments. Notwithstanding the foregoing provisions of this Section, however, nothing herein is intended to prohibit the City voluntarily from making any payment hereunder from any source of available funds of the City.

The obligations of the City to pay the Loan Payments from Net Revenues, and to perform and observe the other agreements contained herein, shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the City, the Lender of any obligation to the City or otherwise with respect to the Enterprise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Lender. Until such time as all of the Loan Payments shall have been fully paid or prepaid, the City (a) will not suspend or discontinue payment of any Loan Payments, (b) will perform and observe all other agreements contained in this Loan Agreement, and (c) will not terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Enterprise, sale of the Enterprise, the taking by eminent domain of title to or temporary use of any component of the Enterprise, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Lender to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement.

Section 4.5. Reduction upon Partial Prepayment. In the event the City prepays less than all of the remaining Principal Components of the Loan Payments pursuant to Sections 3.4 or 3.5 hereof, the amount of such prepayment shall be applied by the Lender to the outstanding Principal Components in inverse order of maturity.

Section 4.6. Rate on Overdue Loan Payments. In the event the City should fail to make any of the Loan Payments required in Section 4.2 hereof on or before the due date therefor, the Loan Payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the Default Rate.

## ARTICLE V

### COVENANTS OF THE CITY

Section 5.1. Operation and Maintenance of the Enterprise. The City will maintain and preserve the Enterprise in good repair and working order at all times and will operate the Enterprise in an efficient and economical manner and will pay all Maintenance and Operation Costs of the Enterprise as they become due and payable.

Section 5.2. Against Sale or Other Disposition of Property. The City will not sell, lease, or otherwise dispose of the Enterprise or any part thereof essential to the proper operation of the Enterprise or to the maintenance of the Revenues. The City will not enter into any agreement or lease that impairs the operation of the Enterprise or any part thereof necessary to secure adequate Revenues for the payment of the Loan or that would otherwise impair the rights of the City with respect to the Revenues or the operation of the Enterprise. Any real or personal property that has become nonoperative or that is not needed for the efficient and proper operation of the Enterprise, or any material or equipment that has become worn out, may be sold at not less than the fair market value thereof. The City shall deposit the proceeds of such sale in the Revenue Fund.

Section 5.3. Rates, Fees, and Charges. (a) The City will, at all times while the Loan remains outstanding, fix, prescribe and collect rates, fees and charges in connection with the Enterprise so as to yield Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts in the order set forth below:

- (1) All Maintenance and Operation Costs of the Enterprise;
- (2) The Debt Service payments and all other payments (including payments under reimbursement agreements) with respect to all Parity Obligations as they become due and payable;
- (3) All amounts, if any, required to restore the balance in any reserve accounts established for Parity Obligations in accordance with the terms of such Parity Obligations, without preference or priority; and
- (4) All payments required to meet any other obligations of the City that are charges, liens, encumbrances upon, or which are otherwise payable from the Revenues during such Fiscal Year.

(b) Furthermore, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Enterprise during each Fiscal Year which are sufficient to yield estimated Net Revenues which are at least equal to one hundred ten percent (110%) of the aggregate amount of Debt Service on all Parity Obligations payable from Net Revenues coming due and payable during such Fiscal Year. The City may make adjustments, from time to time, in its rates, fees and charges as it deems necessary, but shall not reduce its

rates, fees and charges below those in effect unless the Net Revenues resulting from such reduced rates, fees and charges shall at all times be sufficient to meet the requirements set forth in this paragraph.

(c) If the City violates the covenants set forth in subsections (a) or (b) hereof, such violation shall not, in and of itself, be a default under this Loan Agreement and shall not give rise to a declaration of an Event of Default so long as (i) Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization Fund pursuant to subsection (d) below), are at least equal to the Maximum Annual Debt Service coming due and payable during such Fiscal Year, and (ii) within 120 days after the date such violation is discovered, the City either (y) transfers enough moneys from the Rate Stabilization Fund sufficient to yield estimated Net Revenues which are at least equal to one hundred ten percent (110%) of the aggregate amount of Debt Service on all Parity Obligations payable from Net Revenues coming due and payable during such Fiscal Year in compliance with subsection (b) hereof, or (z) hires an Independent Financial Consultant to review the revenues and expenses of the Enterprise, and abides by such consultant's recommendations to revise the schedule of rates, fees, expenses and charges, and to revise any Maintenance and Operation Costs insofar as practicable, and to take such other actions as are necessary so as to produce Net Revenues to cure such violation for future compliance; *provided, however*, that, if the City does not, or can not, transfer from the Rate Stabilization Fund the amount necessary to comply with subsection (b) hereof, or otherwise cure such violation within twelve (12) months after the date such violation is discovered, an Event of Default shall be deemed to have occurred under Section 6.1(a)(2) hereof.

(d) There is hereby created a separate fund to be known as the "Rate Stabilization Fund," to be held and maintained by the City. The Rate Stabilization Fund is not pledged to secure payment of the Loan Payments. Amounts in the Rate Stabilization Fund shall be applied solely for the uses and purposes set forth in this subsection (d). The City shall have the right to deposit into the Rate Stabilization Fund from time to time any amount of funds which are legally available therefor; provided that deposits for each Fiscal Year may be made until (but not after) one hundred twenty (120) days following the end of such Fiscal Year.

For the purpose of computing the amount of Revenues for any Fiscal Year for purposes of the preceding subsection (a), or the amount of Net Revenues for any Fiscal Year for purposes of the preceding subsection (b), the City shall be permitted to transfer amounts on deposit in the Rate Stabilization Fund to the Revenue Fund, such transfers to be made until (but not after) one hundred twenty (120) days after the end of such Fiscal Year. In addition, the City shall be permitted to withdraw amounts on deposit in the Rate Stabilization Fund for any other lawful purpose. The Rate Stabilization Fund is not pledged to secure payment of the Loan Payments.

Section 5.4. Collection of Rates and Charges. The City will have in effect at all times rules and regulations requiring each consumer or customer located on any premises connected with the Enterprise to pay the rates, fees and charges applicable to such premises and providing for the billing thereof and for a due date and a delinquency date for each bill. Except in connection with the receipt of federal or State funding, the City will not permit any part of the Enterprise or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the

State of California and any city, county, district, political subdivision, public corporation or agency of any thereof).

Section 5.5. Competitive Facilities. Except for any utility system existing as of the date hereof, the City will not, to the extent permitted by law, acquire, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, authority, city, or political subdivision or any person whomsoever to acquire, maintain or operate within the City any utility system competitive with the Enterprise; provided, however, that the City may, with the written consent of the Lender, assign all or a portion of the Enterprise to another entity upon delivery to the Lender of an opinion of counsel experienced in the field of law relating to municipal bonds that such assignment will not adversely affect the tax-exempt status of the Loan, and provided such entity assumes the obligations of the City hereunder.

Section 5.6. Insurance. (a) The City will procure and maintain insurance on the Enterprise with commercial insurers or through participation in a joint powers insurance authority, in such amounts, with such deductibles and against such risks (including accident to or destruction of the Enterprise) as are usually insurable in accordance with industry standards with respect to similar enterprises.

In the event of any damage to or destruction of the Enterprise caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the Enterprise. The City shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall payout of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the Enterprise shall be free and clear of all liens and claims. If the proceeds received by reason of any such loss shall exceed the costs of such repair, reconstruction or replacement, the excess shall be applied to prepay the Loan and any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such Parity Obligations.

Alternatively, if the proceeds of such insurance are sufficient to enable the City to retire all outstanding Parity Obligations and all other amounts due hereunder, the City may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Enterprise, and thereupon such proceeds shall be applied to the prepayment of such Parity Obligations and to the payment of all other amounts due hereunder, and as otherwise required by the documents pursuant to which other Parity Obligations were issued.

(b) The City will procure and maintain commercial general liability insurance covering claims against the City for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of the Enterprise, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar enterprises.

(c) The City will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof; such insurance to cover all persons employed in connection with the Enterprise.

(d) All policies of insurance required to be maintained herein shall provide that the Lender shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

(e) In lieu of obtaining insurance coverage as required by this Section, such coverage may, with the prior written consent of the Lender, be maintained by the City in the form of self-insurance. The City shall certify to the Lender that (i) the City has segregated amounts in a special insurance reserve meeting the requirements of this Section; (ii) an Insurance Consultant certifies annually, on or before January 1 of each year in which self-insurance is maintained, in writing to the Lender that the City's general insurance reserves are actuarially sound and are adequate to provide the necessary coverage; and (iii) such reserves are held in a separate trust fund by an 'independent trustee. Any statements of self-insurance shall be delivered to the Lender. The City shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

The City shall cause the Lender to be named as an additional insured with respect to the City's liability insurance, and as a loss payee with respect to any property damage insurance. The City shall not allow any insurance to expire without thirty (30) days prior written notice to the Lender.

Section 5.7. Eminent Domain. If all or any part of the Enterprise shall be taken by eminent domain proceedings, the resulting Net Proceeds thereof shall be applied as follows:

(a) If (1) the City delivers to the Lender a Certificate of the City showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the City by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Enterprise proposed to be acquired by the City from any Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) on the basis of such certificate, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the City to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive); then the City shall promptly proceed with the acquisition of such additions, betterments, extensions or improvements substantially in accordance with such Certificate of the City and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the City for such purpose shall be applied to prepay the Principal Components and any other Parity Obligations, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such other Parity Obligations.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to prepay the Principal Components and any other Parity Obligations, on a pro rata basis, in the

manner provided in Section 3.5 hereof and in the instruments authorizing such other Parity Obligations.

Section 5.8. Additional Information. The City agrees to furnish to the Lender, promptly, from time to time, such information regarding the operations, financial condition and property of the City and the Enterprise as the Lender may reasonably request.

Section 5.9. Compliance with Law and Contracts. The City will faithfully comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on its operation of the Enterprise by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board, or commission having jurisdiction or control.

Section 5.10. Punctual Payment. The City will punctually pay the principal and interest to become due in respect of the Loan, in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not rescind this Loan Agreement for any cause.

Section 5.11. Reserved.

Section 5.12. Protection of Security and Rights of the Lender. The City will preserve and protect the security of the Loan and the rights of the Lender and will warrant and defend the Lender's rights against all claims and demands of all persons. From and after the Closing Date, the Loan shall be incontestable by the City.

Section 5.13. Parity Obligations.

(a) So long as the Loan is outstanding, the City shall not issue or incur any obligations payable from Revenues or Net Revenues senior or superior to the payment of Debt Service on the Loan. The City may, with the prior consent of the Lender (which will not unreasonably be withheld), at any time issue Parity Obligations payable from Net Revenues on a parity with Debt Service on the Loan to provide financing or refinancing for the Enterprise in such principal amount as shall be determined by the City. The City may issue or incur any such Parity Obligations subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations:

(1) No Event of Default shall have occurred and be continuing;

(2) The Net Revenues (calculated without taking into account any amounts transferred into the Revenue Fund from the Rate Stabilization Fund pursuant to Section 5.3(d) hereof), calculated in accordance with Generally Accepted Accounting Principles, either (i) as shown by the books of the City for the latest Fiscal Year, as verified by a certificate of an Authorized Representative of the City, or (ii) as shown by the books of the City for any more recent twelve (12) month period selected by the City, as verified by a certificate or opinion of an Independent Certified Public Accountant employed by the City, plus in either case (at the option of the City) the Additional Revenues, shall be at

least equal to one hundred ten percent (110%) of the amount of Maximum Annual Debt Service on all outstanding Parity Obligations and the Parity Obligations to be issued; and

(3) Except with respect to the Loan, and at the City's sole discretion, there shall be established from the proceeds of such Parity Obligations a reserve fund for the security of such Parity Obligations, in an amount equal to the lesser of (i) the maximum amount of debt service required to be paid by the City with respect to such Parity Obligations during any Fiscal Year and (ii) the maximum amount then permitted under the Code, in either event as certified in writing by the City.

The provisions of subsection (2) of this Section shall not apply to any Parity Obligations if, and to the extent that (i) all of the proceeds of such Parity Obligations (other than proceeds applied to pay costs of issuing such Parity Obligations and to make the reserve fund deposit required pursuant to subsection (3) of this Section) shall be deposited in an irrevocable escrow held in cash or invested in Federal Securities for the purpose of paying the principal of and interest and premium (if any) on such outstanding Parity Obligations, and (ii) at the time of the incurring of such Parity Obligations, the City certifies in writing that maximum annual debt service on such Parity Obligations will not exceed Maximum Annual Debt Service on the outstanding Parity Obligations being refunded, and (iii) the final maturity of such Parity Obligations is not later than the final maturity of the Parity Obligations being refunded.

(b) In order to maintain the parity relationship of debt service payments on all Parity Obligations permitted hereunder, the City covenants that all payments in the nature of principal and interest or reserve account replenishment with respect to any Parity Obligations, will be structured to occur semi-annually on the Loan Payment Dates and in each year as such payments are due with respect to the debt service payments on the Loan, and reserve account replenishment with respect to any Parity Obligations will be structured to occur monthly, and to otherwise structure the terms of such Parity Obligations to ensure that they are in all respects payable on a parity with the debt service payments on Parity Obligations and not prior thereto.

(c) The City may at any time execute contracts or issue bonds or other indebtedness payable from Net Revenues or the Revenue Fund payable on a subordinated basis to the payment of the Debt Service payments on Parity Obligations.

Section 5.14. Against Encumbrances. The City hereby covenants and agrees that it shall not incur any obligations that are secured by a pledge and lien on the Net Revenues that is senior to the pledge and lien on the Net Revenues contained herein. The City will not make any pledge of or place any lien on the Net Revenues except as provided herein. The City may pledge Net Revenues to secure Parity Obligations issued in accordance with Section 5.13 hereof. The City may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose that are payable from and secured by a pledge of and lien on Net Revenues that is subordinate in all respects to the pledge of and lien on the Net Revenues provided herein.

Section 5.15. Further Assurances. The City will adopt, make, execute and deliver any and all further resolutions, instruments, and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Lender of the rights and benefits provided to it herein.

Section 5.16. Financial Reports. Promptly upon receipt by the City and in no event later than two hundred seventy (270) days after the close of each Fiscal Year (unless otherwise agreed in writing by the Lender), the City will furnish, or cause to be furnished, to the Lender an audit report of an Independent Certified Public Accountant with respect to such Fiscal Year, covering the operations of the Enterprise for said Fiscal Year. Such audit report shall include statements of the status of each account pertaining to the Enterprise, showing the amount and source of all deposits therein, the amount and purpose of the withdrawals therefrom and the balance therein at the beginning and end of said Fiscal Year. Each such audit, in addition to whatever matters may be considered proper by the Independent Certified Public Accountant to be included therein, shall include a statement as to whether or not the Net Revenues for such Fiscal Year were equal to at least 1.20 times the Debt Service for such Fiscal Year, calculated as provided in Section 5.3 hereof. In addition, the City shall deliver to the Lender, not later than August 1 of each year, commencing August 1, 2013, a copy of the City's adopted budget for the then current Fiscal Year.

Section 5.17. Opinion of City Attorney. The City will cause to be delivered to the Lender an opinion issued by the City Attorney on the date of delivery of the Loan, to the effect that (i) the City is a municipal corporation and charter city duly organized and existing under the laws of the State of California; (ii) this Loan Agreement was duly approved at a meeting of the Council that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout; (iii) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel after reasonable investigation, threatened against or affecting the City, to restrain or enjoin the execution and delivery of this Loan Agreement, or in any way contesting or affecting the validity of this Loan Agreement, (iv) the adoption of this Loan Agreement and compliance by the City with the provisions hereof, under the circumstances contemplated hereby, do not and will not constitute on the part of the City a breach or default under any agreement or other instrument to which the City is a party or by which it is bound (that are known to the City Attorney) or any existing law, regulation, court order or consent decree to which the City is subject.

Section 5.18. Observance of Laws and Regulations. The City will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the City, including the City's right to exist and carry on business as a California city, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 5.19. Private Activity Bond Limitation. The City shall assure that monies deposited pursuant to this Loan Agreement are not so used as to cause this Loan Agreement to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(d) of the Code.

Section 5.20. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause this Loan Agreement

or the Interest Components of the Loan Payments to be “federally guaranteed” within the meaning of section 149(b) of the Code.

Section 5.21. Maintenance of Tax Exemption. The City shall take all actions necessary to assure the exclusion of the Interest Components of the Loan Payments from the gross income of the Lender to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date. If, for any reason, the Interest Components of the Loan Payments becomes includable in the gross income of the Lender for federal income tax purposes under the Code, the City, at the option of the Lender, shall pay to the Lender within thirty days of such determination, the amount which, with respect to Loan Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest component of the Loan Payments due through the date of such determination) that are imposed on the Lender as a result of the loss of the exclusion, will restore the Lender to the same after-tax yield on the transaction evidenced by this Loan Agreement (assuming tax at the actual marginal corporate rate) that it would have realized had the tax exemption not been lost. Furthermore, the City agrees that upon the occurrence of such an event, it shall pay additional amounts to the Lender on each succeeding Loan Payment Date such amount as will maintain such after-tax yield to the Lender. Notwithstanding any such recalculation of the Loan Payments, the City shall at all times have the option to prepay all or part of the Loan Payments in accordance with Section 3.4 hereof.

Section 5.22. Rebate Requirement. The City shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government.

Section 5.23. No Arbitrage. The City shall not take any action with respect to the proceeds of this Loan Agreement which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date this Loan Agreement was entered into would have caused this Loan Agreement to be an “arbitrage bond” within the meaning of Section 148 of the Code.

Section 5.24. Budget. The City hereby covenants to take such action as may be necessary to include all Loan Payments and all other amounts due hereunder in its annual budget and to make the necessary annual appropriations for all such Loan Payments and all other amount due hereunder.

Section 5.25. Notices. The City shall provide to the Lender:

(a) Immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Loan Agreement, together with a detailed statement by an Authorized Representative of the steps being taken by the City to cure the effect of such Event of Default.

(b) Prompt written notice (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority, domestic or foreign, against the City or the Enterprise or the Revenues which involve

claims equal to or in excess of \$500,000 or that seeks injunctive relief, or (ii) of any loss or destruction of or damage to any portion of the Enterprise in excess of \$500,000.

(c) Prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority with respect to any matter that relates to or could impact any Revenues.

(d) Promptly upon notice thereof, any termination or cancellation of any insurance policy which the City is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the City property in excess of an aggregate of \$500,000.

(e) With reasonable promptness, such other information respecting the City, Enterprise, and the operations, affairs and financial condition of the City as the Lender may from time to time reasonably request.

## ARTICLE VI

### EVENTS OF DEFAULT AND REMEDIES

#### Section 6.1. Events of Default and Remedies.

(a) Events of Default. The following shall be Events of Default hereunder:

(1) Failure by the City to pay any Principal Component or Interest Component on the Loan when due and payable.

(2) Failure by the City to observe and perform any covenant, condition or agreement on its part contained herein pertaining to the Enterprise, other than in clause (1) of this subsection, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Lender; *provided, however,* if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such thirty (30) day period, the Lender shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within such thirty (30) day period and diligently pursued until the default is corrected.

(3) Default by the City under any Parity Obligation (or Subordinate Debt which requires or permits the immediate acceleration thereof).

(4) Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the City or of all or substantially all of its assets, by or with the consent of the City, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within sixty days, or agreement by the City with the City's creditors to effect a composition or extension of time to pay the City's debts, or request by the City for a reorganization or to

effect a plan of reorganization, or for a readjustment of the City's debts, or a general or any assignment by the City for the benefit of the City's creditors.

(5) Any statement, representation or warranty made by the City in or pursuant to this Loan Agreement or its execution, delivery or performance proves to have been false, incorrect, misleading, or breached in any material respect on the date made, and is continuing for a period of thirty (30) days after written notice specifying such misrepresentation or breach and requesting that it be remedied has been given to the City by the Lender; provided, however, that the Lender and the City may agree that action by the City to cure such failure may be extended beyond such thirty-day period.

(6) This Loan Agreement or any material provision of this Loan Agreement shall at any time for any reason cease to be the legal, valid and binding obligation of the City or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the City, or the City shall renounce the same or deny that it has any further liability hereunder.

(7) Dissolution, termination of existence or insolvency of the City.

(8) Any court of competent jurisdiction with jurisdiction to rule on the validity of any provision of this Loan Agreement shall find or rule that this Loan Agreement is not valid or not binding on the City.

(b) Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Lender shall have the right, at its option upon notice to the City, to declare the unpaid aggregate Principal Components of the Loan, and the interest accrued thereon, to be immediately due and payable, whereupon the same shall immediately become due and payable.

The Lender shall also have the right, at its option upon notice to the City, to (i) apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require officials of the City to charge and collect rates for services provided by the City and the Enterprise sufficient to meet all requirements of this Loan Agreement, and (ii) take whatever action at law or in equity as may appear necessary or desirable to collect the Loan Payments then due or thereafter to become due during the Term of this Loan Agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under this Loan Agreement, subject to the following paragraph.

Notwithstanding any provision of this Loan Agreement, the City's liability to pay the Loan Payments and other amounts hereunder shall be limited solely to Net Revenues as provided in Article IV hereof. In the event that Net Revenues shall be insufficient at any time to pay a Principal Component and/or Interest Loan Component in full, the City shall not be liable to pay or prepay such delinquent Loan Payment other than from Net Revenues.

Section 6.2. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 6.1, all Net Revenues thereafter received by the City shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Net Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Lender if any, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel; and

Second, to the payment of the entire unpaid aggregate Principal Components of the Loan and the unpaid principal amount of any other obligations secured by the Net Revenues and the accrued interest thereon, with interest on the overdue payments at the rate or rates of interest applicable to the Loan and such other obligations if paid in accordance with their respective terms.

Section 6.3. Other Remedies of the Lender. The Lender shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any director, officer or employee thereof, and to compel the City or any such director, officer or employee to perform and carry out its or his duties under the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Lender; or

(c) by suit in equity upon the happening of an Event of Default to require the City and its Council members, officers and employees to account as the trustee of an express trust.

Section 6.4. Non-Waiver. Nothing in this article or in any other provision hereof, or in the Loan, shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the principal of and interest on the Loan to the Lender when due, as herein provided, out of the Net Revenues herein pledged for such payment, or shall affect or impair the right of the Lender, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in this Loan Agreement.

A waiver of any default or breach of duty or contract by the Lender shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Lender to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Lender by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Lender.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Lender, the City and the Lender shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 6.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Lender is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 6.6. Prosecution and Defense of Suits. The City shall promptly, upon request of the Lender or its assignee, from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Enterprise whether now existing or hereafter arising and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose.

## ARTICLE VII

### NOTICES; JUDICIAL REFERENCE

Section 7.1. Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed to have been properly given on the earlier of (i) when delivered in person, (ii) the third Business Day following deposit in the United States Mail, with adequate postage, and sent by registered or certified mail, with return receipt requested to the appropriate party at the address set forth below, or (iii) the first Business Day following deposit with Federal Express, Express Mail or other overnight delivery service for next day delivery, addressed to the appropriate party at the address set forth below.

If to the City:           City of Lemoore  
                                  119 Fox Street  
                                  Lemoore, CA 93245  
                                  Attention: \_\_\_\_\_  
                                  Fax: (559) \_\_\_\_\_

If to the Lender:       Pinnacle Public Finance, Inc.  
                                  \_\_\_\_\_  
                                  \_\_\_\_\_, \_\_\_\_\_  
                                  Attention: \_\_\_\_\_  
                                  Fax: (\_\_\_\_) \_\_\_\_\_

Section 7.2. Judicial Reference.

(a) *Judicial Reference.* The Lender and the City hereby agree: (i) each proceeding or hearing based upon or arising out of, directly or indirectly, this Loan Agreement or any document related thereto, any dealings between the City and the Lender related to the subject matter of this Loan Agreement or any related transactions, and/or the relationship that is being established between the City and the Lender (hereinafter, a "Claim") shall be determined by a consensual general judicial reference (the "Reference") pursuant to the provisions of Section 638 et seq. of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time; (ii) upon a written request, or upon an appropriate motion by either the Lender or the City, as applicable, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all

questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee's statement of decision will constitute the conclusive determination of the Claim. The Lender and the City agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee; (iii) the Lender and the City shall promptly and diligently cooperate with one another, as applicable, and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section 7.2; (iv) either the Lender or the City, as applicable, may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon if the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it; (v) the Lender and the City, as applicable, will each have such rights to assert such objections as are set forth in Section 638 et seq. of the California Code of Civil Procedure; and (vi) all proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

(b) *Selection of Referee; Powers.* The parties to the Reference proceeding shall select a single neutral referee (the "Referee"), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten (10) years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request or motion for the Reference, the parties to the Reference proceeding cannot agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by the Presiding Judge of the Kings County Superior Court, or of the U.S. District Court for the Eastern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 7.2.

(c) *Provisional Remedies and Self Help.* No provision of this Section 7.2 shall limit the right of either the Lender or the City, as the case may be, to (i) exercise such self-help remedies as might otherwise be available under applicable law, or (ii) ) obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after, or during the pendency of any Reference. The exercise of, or opposition to, any such remedy does not waive the right of the Lender or the City to the Reference pursuant to this Section 7.2(c).

(d) *Costs and Fees.* Promptly following the selection of the Referee, the parties to such Reference proceeding shall each advance equal portions of the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the Referee's fees to be paid or shared by the parties to such Reference proceeding in such manner as the Referee deems just.

## ARTICLE VIII

### AMENDMENTS; DISCHARGE; GENERAL AUTHORIZATION; EFFECTIVE DATE

Section 8.1. Amendments Permitted. (a) This Loan Agreement and the rights and obligations of the City and of the Lender may be modified or amended at any time by a written supplemental agreement entered into by the City and the Lender.

(b) From and after the time any supplemental agreement becomes effective pursuant to this Article, this Loan Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Loan Agreement and the Lender shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental agreement shall be deemed to be part of the terms and conditions of this Loan Agreement for any and all purposes.

Section 8.2. Discharge of Loan Agreement. (a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Lender the principal of and the interest and the prepayment premium, if any, on this Loan Agreement at the times and in the manner stipulated herein, then all agreements, covenants and other obligations of the City to the Lender hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) This Loan Agreement shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case this Loan Agreement is to be prepaid on any date prior to its final principal payment date, the City shall have mailed a notice of prepayment to the Lender, (2) there shall have been deposited with the Lender or an escrow agent either money in an amount that shall be sufficient or direct obligations of the United States of America that are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money that, together with the money, if any, deposited with the Lender or such escrow agent at the same time, shall be sufficient to pay when due the interest to become due on this Loan Agreement on and prior to the final principal payment date or prepayment date thereof, as the case may be, and the principal of and prepayment premiums, if any, on this Loan Agreement on and prior to the final principal payment date or the prepayment date thereof, as the case may be, and (3) if this Loan Agreement is not subject to prepayment within the next succeeding sixty (60) days, the City shall have mailed a notice to the Lender that the deposit required by clause (2) above has been made with the Lender or such escrow agent and that this Loan Agreement is deemed to have been paid in accordance with this section and stating the principal payment dates or prepayment date, as the case may be, upon which money is to be available for the payment of the principal of and prepayment premiums, if any, on this Loan Agreement.

Section 8.3. General Authorization. The Authorized Representatives of the City, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver any and all documents (including specifically the Escrow Agreement), to do any and all things and take any and all actions that may be necessary

or advisable, in their discretion, in order to consummate the financing and to effect the purposes of this Loan Agreement. All actions heretofore taken by officers, employees, and agents of the City that are in conformity with the purposes and intent of this Loan Agreement are hereby approved, confirmed, and ratified.

Section 8.4. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Lender and the City and their respective successors and assigns.

Section 8.5. Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.6. Further Assurances and Corrective Instruments. The Lender and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Loan Agreement.

Section 8.7. Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8. Captions. The captions or headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Loan Agreement.

Section 8.9. Agreement to Pay Attorneys' Fees and Expenses. The City will pay the Lender its reasonable attorney fees incurred subsequent to an Event of Default.

Section 8.10. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

\* \* \* \* \*

[Signature page to follow]

IN WITNESS WHEREOF, the Lender has caused this Loan Agreement to be executed in its corporate name by its duly authorized officer; and the City has caused this Loan Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

PINNACLE PUBLIC FINANCE, INC.,

By \_\_\_\_\_  
Authorized Officer

CITY OF LEMOORE

By \_\_\_\_\_

**EXHIBIT A  
LOAN PAYMENT SCHEDULE**

**\$7,217,155  
CITY OF LEMOORE  
SERIES 2013 WATER REVENUE LOAN**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/1/2013			59,661.81	59,661.81	
1/1/2014			44,746.36	44,746.36	
4/1/2014			44,746.36	44,746.36	149,154.53
7/1/2014	99,664.93	2.480%	44,746.36	144,411.29	
10/1/2014	100,282.85	2.480%	44,128.44	144,411.29	
1/1/2015	100,904.60	2.480%	43,506.68	144,411.28	
4/1/2015	101,530.21	2.480%	42,881.07	144,411.28	577,645.14
7/1/2015	102,159.70	2.480%	42,251.59	144,411.29	
10/1/2015	102,793.09	2.480%	41,618.20	144,411.29	
1/1/2016	103,430.41	2.480%	40,980.88	144,411.29	
4/1/2016	104,071.68	2.480%	40,339.61	144,411.29	577,645.16
7/1/2016	104,716.92	2.480%	39,694.37	144,411.29	
10/1/2016	105,366.16	2.480%	39,045.12	144,411.28	
1/1/2017	106,019.43	2.480%	38,391.85	144,411.28	
4/1/2017	106,676.76	2.480%	37,734.53	144,411.29	577,645.14
7/1/2017	107,338.15	2.480%	37,073.13	144,411.28	
10/1/2017	108,003.65	2.480%	36,407.64	144,411.29	
1/1/2018	108,673.27	2.480%	35,738.02	144,411.29	
4/1/2018	109,347.04	2.480%	35,064.24	144,411.28	577,645.14
7/1/2018	110,025.00	2.480%	34,386.29	144,411.29	
10/1/2018	110,707.15	2.480%	33,704.13	144,411.28	
1/1/2019	111,393.54	2.480%	33,017.75	144,411.29	
4/1/2019	112,084.18	2.480%	32,327.11	144,411.29	577,645.15
7/1/2019	112,779.10	2.480%	31,632.19	144,411.29	
10/1/2019	113,478.33	2.480%	30,932.96	144,411.29	
1/1/2020	114,181.89	2.480%	30,229.39	144,411.28	
4/1/2020	114,889.82	2.480%	29,521.46	144,411.28	577,645.14
7/1/2020	115,602.14	2.480%	28,809.15	144,411.29	
10/1/2020	116,318.87	2.480%	28,092.41	144,411.28	
1/1/2021	117,040.05	2.480%	27,371.24	144,411.29	
4/1/2021	117,765.70	2.480%	26,645.59	144,411.29	577,645.15
7/1/2021	118,495.84	2.480%	25,915.44	144,411.28	
10/1/2021	119,230.52	2.480%	25,180.77	144,411.29	
1/1/2022	119,969.75	2.480%	24,441.54	144,411.29	
4/1/2022	120,713.56	2.480%	23,697.73	144,411.29	577,645.15
7/1/2022	121,461.98	2.480%	22,949.30	144,411.28	
10/1/2022	122,215.05	2.480%	22,196.24	144,411.29	
1/1/2023	122,972.78	2.480%	21,438.50	144,411.28	

4/1/2023	123,735.21	2.480%	20,676.07	144,411.28	577,645.13
7/1/2023	124,502.37	2.480%	19,908.91	144,411.28	
10/1/2023	125,274.29	2.480%	19,137.00	144,411.29	
1/1/2024	126,050.99	2.480%	18,360.30	144,411.29	
4/1/2024	126,832.50	2.480%	17,578.78	144,411.28	577,645.14
7/1/2024	127,618.86	2.480%	16,792.42	144,411.28	
10/1/2024	128,410.10	2.480%	16,001.18	144,411.28	
1/1/2025	129,206.24	2.480%	15,205.04	144,411.28	
4/1/2025	130,007.32	2.480%	14,403.96	144,411.28	577,645.12
7/1/2025	130,813.37	2.480%	13,597.92	144,411.29	
10/1/2025	131,624.41	2.480%	12,786.87	144,411.28	
1/1/2026	132,440.48	2.480%	11,970.80	144,411.28	
4/1/2026	133,261.61	2.480%	11,149.67	144,411.28	577,645.13
7/1/2026	134,087.83	2.480%	10,323.45	144,411.28	
10/1/2026	134,919.18	2.480%	9,492.11	144,411.29	
1/1/2027	135,755.68	2.480%	8,655.61	144,411.29	
4/1/2027	136,597.36	2.480%	7,813.92	144,411.28	577,645.14
7/1/2027	137,444.27	2.480%	6,967.02	144,411.29	
10/1/2027	138,296.42	2.480%	6,114.86	144,411.28	
1/1/2028	139,153.86	2.480%	5,257.43	144,411.29	
4/1/2028	140,016.61	2.480%	4,394.67	144,411.28	577,645.14
7/1/2028	140,884.72	2.480%	3,526.57	144,411.29	
10/1/2028	141,758.20	2.480%	2,653.08	144,411.28	
1/1/2029	142,637.10	2.480%	1,774.18	144,411.28	
4/1/2029	143,521.45	2.480%	889.83	144,411.28	577,645.13
	7,217,154.53		1,596,677.10	8,813,831.63	8,813,831.63

**EXHIBIT B**

**DESCRIPTION OF PROJECT**

Installation of solar photovoltaic arrays as described in the contract between the City of Lemoore and Chevron Energy Solutions

## AGREEMENT FOR BOND COUNSEL SERVICES

**THIS AGREEMENT** is made and entered into this \_\_th day of May, 2013 by and between the City of Lemoore (the “City”), whose address is 119 Fox Street, Lemoore, CA 93245, and The Weist Law Firm (the “Bond Counsel”), whose address is 108 Whispering Pines Drive, Suite 235, Scotts Valley, CA 95066.

### WITNESSETH:

**WHEREAS**, the City desires to arrange for the procurement of approximately \$7 Million of low interest rate tax-exempt private placement obligations (the “Private Placement Financing”) in connection with the proposed acquisition and construction of certain solar related improvements for the Water Enterprise Fund (the “Project”); and

**WHEREAS**, the City desires to retain Bond Counsel to do the necessary consulting, legal and analytical work hereinafter outlined, upon the terms and conditions hereinafter set forth, to structure, issue and deliver said low interest rate municipal private placement obligations (the “2013 Water Revenue Loan Obligation”) as necessary to successfully accomplish the acquisition and construction of the Project; and

**WHEREAS**, Bond Counsel is specifically trained and experienced in the conduct of Private Placement Financing proceedings for accomplishing the issuance of the 2013 Water Revenue Loan Obligation, and hereby represents that it is ready, willing and able to perform said work; and

**NOW, THEREFORE**, in consideration of the covenants and premises herein contained and other good and valuable consideration, the parties hereto agree as follows:

### **Section 1. Scope of Services.**

**Bond Counsel Services:** Bond Counsel shall provide the following legal services in connection with the preparation of the resolutions, documents and certifications necessary for the execution and delivery of the 2013 Water Revenue Loan Obligation. Such services shall include the following:

1. Consulting with representatives of the City, including the City Manager, Finance Director, City Attorney and the City’s engineers, consultants, and others, with respect to the timing, terms and legal structure of the proposed issuance of 2013 Water Revenue Loan Obligation.
2. Preparing all resolutions, ordinances, notices, affidavits, Depository Trust Company agreements, indentures, installment sale agreements, lease or loan agreements, and other legal documents customarily prepared by Bond Counsel, as required for the issuance of 2013 Water Revenue Loan Obligation (the “Principle Documents”).
3. Reviewing documents prepared by City staff, advisors, and/or consultants, including audit reports and budgets, project descriptions, rate setting documents, the purchase contract(s) to be derived therefrom, that might have a bearing on the Private Placement Financing.
4. Preparing documentation with respect to any bond provisions, parity debt provisions and reserve fund policy provided or required in connection with the 2013 Water Revenue Loan Obligation, if any.

5. Assisting in the preparation of a financing plan, as necessary, for the Private Placement Financing and the issuance of 2013 Water Revenue Loan Obligation.

6. Attending such meetings or hearings of the City Council (the "Council"), and working group meetings or conference calls as the City may request, and as Bond Counsel deems prudent and necessary.

7. Advising as to the prudence of seeking a rating and/or bond insurance, if applicable.

8. Preparing all final closing papers required to effect delivery of the 2013 Water Revenue Loan Obligation, and coordinate the closing of the 2013 Water Revenue Loan Obligation.

9. Rendering Bond Counsel's customary final legal opinion as to the validity of the 2013 Water Revenue Loan Obligation and the exemption from gross income for federal income tax purposes and from California personal income tax of interest thereon.

10. Preparing the required reports to the California Debt and Investment Advisory Commission (pursuant to section 8855 et seq. of the Government Code) respecting the sale of the 2013 Water Revenue Loan Obligation and Form 8038-G to the Internal Revenue Service (pursuant to Section 149 of the Internal Revenue Code of 1986).

11. Preparing a complete transcript of the proceedings, containing originally signed copies of all resolutions, ordinances, legal agreements, disclosure statements, certificates and notices. Two copies shall be provided to the City.

**Excluded Services** Bond Counsel's services are limited to those specifically set forth above. Bond Counsel's services do not include representation of the City or any other party to the transaction in any litigation or other legal or administrative proceeding involving any of the 2013 Water Revenue Loan Obligation, the Private Placement Financing or any other matter. Bond Counsel's services also do not include compliance with the California Environmental Quality Act, the National Environmental Policy Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Hazardous Material Transportation Act, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the Porter-Cologne Water Quality Control Act, the Safe Drinking Water and Toxic Enforcement Act of 1986, the Hazardous Substance Account Act, the Hazardous Waste Control Act, or any determinations pertaining to completion and readiness for acceptance.

Bond Counsel's services also do not include any responsibility for compliance with state blue sky, environmental, land use, real estate or similar laws or for title to or perfection of security interests in real or personal property, including the acquisition of interests in real property, whether through gift, negotiation or the exercise of the power of eminent domain.

Bond Counsel's services also do not include any responsibility the negotiation or preparation of joint powers agreements with other agencies. Bond Counsel will not be responsible for the services performed or acts or omissions of any other participant. Also, Bond Counsel's services will not extend past the date of issuance of the 2013 Water Revenue Loan Obligation and will not, for example, include services related to on-going administration, annexation, rebate compliance or continuing disclosure or otherwise related to the 2013 Water Revenue Loan Obligation, proceeds of the 2013 Water Revenue Loan Obligation or the Private Placement Financing after issuance of the 2013 Water Revenue Loan Obligation.

Bond Counsel may be willing to perform such excluded services on such terms as might be mutually agreed to at the time of need. The performance by Bond Counsel of services excluded by the above paragraph, if required by the City, shall be under separate written agreement.

**Section 2. Compensation.**

- A. Legal Fees for Bond Counsel Services. For all bond counsel services rendered in connection with the Private Placement Financing of the 2013 Water Revenue Loan Obligation and the corresponding our fee shall be a contingent flat fee of \$20,000. Payment of said amount shall be entirely contingent upon the successful placement of such 2013 Water Revenue Loan Obligation.
  
- B. Out-of-Pocket Expenses. If monies are available from the costs of issuance fund, in addition to the legal fees, Bond Counsel shall be reimbursed its normal and customary out-of-pocket expenses, and customary mileage rates; parking charges and bridge tolls as incurred, photocopies at thirty-five cents per page, transcript preparation and distribution; telephone and facsimile charges as incurred, and postage and express delivery charges as incurred, with a cap of \$1,000.

**Section 3. Termination of Agreement and Legal Services.**

This Agreement and all legal services to be rendered under it may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for adoption or execution by the City, shall, at the option of the City, become its property and shall be delivered to it or to any party it may designate; provided that Bond Counsel shall have no liability whatsoever for any subsequent use of such documents.

In the event of termination by the City without cause, Bond Counsel shall nevertheless be entitled to receive full compensation in the exact manner set forth in Section 2 hereof (which shall remain similarly contingent) if the City concludes a Private Placement Financing of the 2013 Water Revenue Loan Obligation within two years from the date of this Agreement, regardless of the amount of work or length of time invested by Bond Counsel in the Private Placement Financing up to the point of termination. This continuing, but contingent, right to receive full compensation shall survive the term of this Agreement. If not sooner terminated as aforesaid, this Agreement and all legal services to be rendered under it shall terminate upon final issuance of the 2013 Water Revenue Loan Obligation. Upon termination, Bond Counsel shall have no future duty of any kind to or with respect to the 2013 Water Revenue Loan Obligation or the City.

**Section 4. Insurance.**

Bond Counsel specifically represents that it maintains errors and omissions insurance applicable to the Bond Counsel services to be rendered under this Agreement.

**Section 5. Nature of Engagement.**

The City acknowledges that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters. Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, contractors, suppliers, financial and other consultants/advisors, accountants,

investment providers/brokers, providers/brokers of derivative products and others who may have a role or interest in the Private Placement Financing or that may be involved with or adverse to the City in this or some other matter. Bond Counsel agrees not to represent any such entity in connection with the 2013 Water Revenue Loan Obligation Financing, during the term of this Agreement, without the consent of the City. Given the special, limited role of Bond Counsel described above, the City acknowledges that no conflict of interest exists or would exist, and waives any conflict of interest that might appear actually or potentially to exist, now or in the future, by virtue of this Agreement or any such other attorney-client relationship that Bond Counsel may have had, have or enter into, and the City specifically consents to any and all such relationships.

**Section 6. Standards of Professional Conduct.**

Bond Counsel and every employee thereof shall provide their services, advice and any reports in full compliance with all applicable law and professional standards. Bond Counsel represents that it is specially trained, experienced, expert and competent to perform the services required under this Agreement, and that each individual providing legal services is a member in good standing of the State Bar and is licensed to practice in California. Bond Counsel certifies that it will not accept representation in any matters, including litigation, under this Agreement if it or any employee thereof has any personal or financial interest therein.

Bond Counsel certifies that it accepts this retention because it has the time, energy, skills and ability necessary to perform the duties required in an efficient, trustworthy, professional and businesslike manner. It is understood that the services under this Agreement must be provided immediately, and that they are time-critical. Bond Counsel is engaged by City for its unique qualifications and skills.

Bond Counsel agrees that it will comply with all ethical duties, will maintain the integrity of the Bond Counsel-client relationship, and will take all steps available to preserve all applicable legal privileges, confidences, and records from disclosure; however, it is hereby understood and agreed that 2013 Water Revenue Loan Obligation Private Placement Financing is public in nature, and the City hereby waives its right to confidential communications, and protecting of records from disclosure.

**Section 7. Independent Contractor.**

Bond Counsel and City understand and agree that Bond Counsel is an independent contractor and that the City shall not be liable for Workers' Compensation, retirement or unemployment benefits for Bond Counsel or Bond Counsel's agents, partners or employees.

**Section 8. No Guarantee of Outcome.**

City hereby acknowledges and agrees that this is a best efforts undertaking, and that no guarantee of success or outcome has been, or can be, made by Bond Counsel.

**Section 9. Arbitration.**

Any controversy, claim or dispute arising out of or relating to this Agreement, shall be settled solely and exclusively by binding arbitration in San Francisco, California. Such arbitration shall be conducted in accordance with the then prevailing commercial arbitration rules of JAMS/Endispute ("JAMS"), with the following exceptions if in conflict: (a) one arbitrator shall be chosen by JAMS; (b) each party to the arbitration

will pay its pro rata share of the expenses and fees of the arbitrator, together with other expenses of the arbitration incurred or approved by the arbitrator; and (c) arbitration may proceed in the absence of any party if written notice (pursuant to the JAMS' rules and regulations) of the proceedings has been given to such party. Each party shall bear its own attorneys fees and expenses.

The parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law or equity; provided however, that nothing in this Section shall be construed as precluding the bringing an action for injunctive relief or other equitable relief. The arbitrator shall not have the right to award punitive damages or speculative damages to either party and shall not have the power to amend this Agreement. The arbitrator shall be required to follow applicable law. IF FOR ANY REASON THIS ARBITRATION CLAUSE BECOMES NOT APPLICABLE, THEN EACH PARTY submits to the ongoing jurisdiction of the state of California and/or the United States City Court for THE ENFORCEMENT HEREOF.

**Section 10. Entire Agreement.**

This Agreement contains the entire understanding between Bond Counsel and City. All previous proposals, offers and communications relative to the Private Placement Financing and this Agreement, whether oral or written, are hereby superseded except to the extent that they have been incorporated into this Agreement.

No future waiver of or exception to any of the terms, conditions, and provisions of this Agreement shall be considered valid unless specifically agreed to in writing by both Bond Counsel and City. No oral agreement or implied covenant shall be held to vary the provisions of this Agreement. This Agreement shall bind and inure to the benefit of the parties to this Agreement and any subsequent successors or assigns as may be permitted pursuant to the provisions of this Agreement.

**Section 11. Modification.**

Both City and Bond Counsel understand that it may be desirable or necessary during the execution of this Agreement for Bond Counsel or City to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with City and all changes and their cost shall be memorialized in a written amendment to this original Agreement prior to the performance of the additional work.

Until a written change order is so executed, City shall not be responsible to pay any charges Bond Counsel may incur in performing such additional services, and correspondingly Bond Counsel shall not be required to perform any such additional services.

**Section 12. Severability.**

All sections and subsections of this Agreement are severable, and the unenforceability or invalidity of any of the sections or subsections of this Agreement shall not affect the validity or enforceability of the remaining sections or subsections of this Agreement, but such remaining sections or subsections shall be interpreted and construed in such a manner as to carry out fully the intention of the parties.

Therefore, if any part, term, or provision of this Agreement shall be held illegal, unenforceable, or in conflict with any law of a federal, state, or local government having jurisdiction over this Agreement, the validity of the remaining portions or provisions shall not be effected by such holding and shall nevertheless continue in full force without being impaired or invalidated in any way.

**Section 13. Waiver.**

The waiver by either party of a default or breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent default or breach of the same or of a different provision of that party. No waiver or modification of this Agreement or of any covenant condition, or limitation contained in this Agreement shall be valid unless in writing and duly executed by the party or parties to be charged therewith.

**Section 14. Counterparts.**

This Agreement may be executed in any number of counterparts and each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their respective officers and representatives thereto duly authorized, all as of the day and year first above written.

**CITY OF LEMOORE**

**THE WEIST LAW FIRM**

By: \_\_\_\_\_

By: \_\_\_\_\_  
Cameron A. Weist, Esq.

## **FINANCIAL CONSULTING AGREEMENT**

This Agreement is made and entered into this 7th day of May, 2013, between the City of Lemoore (the "Borrower"), a California municipal corporation, and Cooperman Associates ("Financial Advisor").

### **RECITALS**

WHEREAS, the Borrower desire to hire a financial advisor to assist it in a program to issue approximately \$7 Million of tax-exempt or taxable term debt, or similar instruments to fund solar and related improvements for the Water Enterprise Fund of the Borrower, and

WHEREAS, the Financial Advisor has agreed to provide the required financial advisory services for the financing, to be completed in one transaction; and

WHEREAS, the Financial Advisor shall be a contractor independent of the Borrower;

NOW, THEREFORE, in consideration of their mutual covenants and conditions, the parties agree as follows:

### **DUTIES OF THE FINANCIAL ADVISOR**

1. Develop in conjunction with Borrower staff and prepare a comprehensive private placement financing plan for the financing of the Borrower's improvements.
2. Assist in preparation with Borrower staff, counsel, placement agent and other consultants a timetable and schedule of work for the financing plan, including dates of major financing activities.
3. Assist the Borrower in responding to inquiries regarding the financing.
4. Assist in controlling costs of issuance from all advisors and parties.
5. Assist in development of a transaction summary for use with the investor to outline the terms of the financing, including a description of the Borrower, the collateral pledged, the maturity and interest rates and certain other information on the structure of the financing
6. Perform financial analyses and other marketing advice regarding the financing.
7. Recommend timing of the issue.
8. Assist counsel in organizing the closing, the delivery of the indebtedness in return for payment, and recommend appropriate investments for the proceeds.
9. Negotiate on behalf of the Borrower with any credit enhancement providers, as and if needed.
10. Work cohesively with Borrower staff and other consultants to ensure completion of a successful financing.
11. Assist the Borrower in arranging investment of the proceeds of the issue.
12. Throughout the contract period make oral and/or written presentations, as needed.

### **DUTIES OF THE BORROWER**

1. The Borrower shall make payment to the Financial Advisor as provided for in this Agreement.
2. The Borrower shall assist the Financial Advisor in providing documents, studies, reports and other information necessary for provision of the financial advisory services.
3. The Borrower will place on the agenda for consideration by the City Council of the Borrower those authorizations needed to complete the financing.
4. The Borrower will implement measures to ensure proper security and liquidity for the investor and, if and as necessary, any credit enhancement party.

## **TERM AND TERMINATION**

This Agreement will commence upon its execution by the parties, and will continue until the Financial Advisor has fully rendered the services with respect to the initial financing and any subsequent financings, as and if needed, through the end of the Borrower's contemplated improvement program, and the Borrower has made payment unless sooner terminated. The Borrower may terminate or suspend this Agreement for cause at any time by giving written notice to the Financial Advisor of such termination or suspension and specifying the effective date thereof, at least ninety (90) days before the effective date of such termination or suspension. Notices of termination shall be delivered by certified mail return receipt requested. The Financial Advisor shall be given an opportunity for consultation with the Borrower and cure of any deficiencies prior to the effective date of such termination. In the event of termination, all finished or unfinished documents and other materials prepared pursuant to this Agreement shall, at the option of the Borrower, become its property, subject to Borrower submitting payment of all sums due Financial Advisor hereunder. Upon such termination, Financial Advisor shall meet with the Borrower's staff and provide it all information developed by Financial Advisor pursuant to this Agreement. The Financial Advisor shall be entitled to receive its hourly rate of \$350.00 and actual costs and expenses for work previously performed, set forth in "Duties of Financial Advisor", for such financing up to the agreed upon amount for such financing.

## **CONFIDENTIAL INFORMATION**

Any report, information or other data prepared or assembled by the Financial Advisor under this Agreement is confidential and shall not be made available to any individual or organization by the Financial Advisor without the prior written approval of the Borrower.

Borrower agrees to keep confidential specific details of the investor proposals covered by this Agreement, except to the extent required for disclosure by law.

## **PAYMENT**

The Borrower shall pay the Financial Advisor a fee on a per-issue basis of \$25,000 for its services, including all costs and charges. The fee shall be earned as services are performed. To the extent the financing is delayed or negotiations with the financing parties are prolonged or require more extensive discussions, or to the extent the anticipated scope of work changes or is increased, the Financial Advisor will notify the Borrower of any increase in fees due to such circumstances (based upon time already spent and the estimated time required through settlement), and the parties shall mutually in good faith determine the new fee to be paid.

## **TIME OF COMPLETION**

Time is of the essence in carrying out the terms of this Agreement.

## **HOLD HARMLESS**

To the extent permitted by law, the Borrower shall indemnify and hold the Financial Advisor harmless against any and all liability, causes of action, claims, costs, expenses (including reasonable attorney's fees) or damages resulting from or arising out of or in any way connected with the negligence or willful misconduct of the Borrower or its officers, employees, directors, agents, or independent contractors in performing its obligations hereunder or in providing the information relied upon by the Financial Advisor in structuring the financing.

The Financial Advisor shall indemnify and hold the Borrower harmless against any and all liability, causes of action, claims, costs, expenses (including reasonable attorney's fees) or damages

resulting from or arising out of or in any way connected with the negligence or willful misconduct of the Financial Advisor or its officers, employees, directors, agents, or independent contractors in performing its obligations hereunder or in providing the information relied upon by the Borrower in structuring the financing.

In the event either party brings action against the other to enforce any of the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs whether such action is prosecuted or not. The remedies given to the parties in this paragraph shall be in addition and supplemental to all rights or remedies either may have under law.

#### **PROJECT MANAGEMENT**

The Financial Advisor designates Joshua Cooperman as its project manager. The Borrower designates Cheryl Silva (or her designee) as its project manager.

#### **NOTICES**

All notices hereunder shall be given in writing and mailed, postage prepaid, if to the Financial Advisor: Cooperman & Associates, 111 Anza Boulevard, Ste. 107, Burlingame, CA 94010, (650) 619-0007; (fax) 650-348-7684; email: jgcooperma@aol.com; and if to the City of Lemoore: 119 Fox Street, Lemoore, CA 93245, Attn: Finance Director, (559) 924-6707, (fax) 559-924-9003, email: csilva@lemoore.com.

IN WITNESS WHEREOF, the Borrower and Financial Advisor have each caused this Agreement to be executed on their respective behalf by their respective duly authorized officers as of the date first written above.

CITY OF LEMOORE, CALIFORNIA

COOPERMAN ASSOCIATES

By: \_\_\_\_\_

[Cheryl Silva]

Its: [Finance Director]

\_\_\_\_\_

Joshua Cooperman

Its: President

**CITY OF LEMOORE, CALIFORNIA  
SERIES 2013 WATER REVENUE LOAN  
(2013 SOLAR PROJECT)**

**PLACEMENT AGENT AGREEMENT**

May 7, 2013

City of Lemoore  
119 Fox Street  
Lemoore, CA 93245

Ladies and Gentlemen:

The undersigned, Southwest Securities, Inc. (the “Placement Agent”), acting on its own behalf and not as a fiduciary or agent of any other party, offers to enter into the following agreement (this “Agreement”) with respect to the above-entitled loan (the “Loan”) with the City of Lemoore, California (the “City”), which, upon acceptance by the City, will be binding upon the City and the Placement Agent. Capitalized terms that are used in this offer and not otherwise defined herein shall have the respective meanings ascribed to them in a Loan Agreement, dated as of May 1, 2013, by and between Pinnacle Public Finance, Inc. (the “Lender”), and the City (the “Loan Agreement”) Loan Agreement.

Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Placement Agent and City hereby agree as follows:

**1. Appointment of Placement Agent; Placement of the Bonds.**

(i) The City hereby appoints the Placement Agent to act, and the Placement Agent hereby agrees to act, as the exclusive placement agent for the City in connection with the private sale of its City of Lemoore, California, Series 2013 Water Revenue Loan (2013 Solar Project), and the Placement Agent hereby accepts such appointment.

The Loan shall be issued in the principal amount and shall bear interest at the rate set forth as provided in the Loan Agreement. As compensation for its services hereunder, the Placement Agent shall charge a fee equal to \$15,000. At the closing of any such sale, the City shall pay or cause to be paid such fee to the Placement Agent by wire transfer or immediately available funds. The above fee does not include any services the Placement Agent may render in the future to the City with respect to any offering or placement of municipal securities other than the Loan.

(ii) The City understands that the Placement Agent will be acting as the agent of the City in the bank placement of the Loan and agrees that, in connection therewith, the Placement Agent will use its “best efforts” to place the Loan, and the City hereby retains the Placement Agent as the exclusive agent of the City to offer and place, on an all or none basis. This Agreement shall not give rise to any expressed or implied commitment by the Placement Agent to purchase or place any of the Loan.

(iii) The Placement Agent has the right to use or to disclose any information, including, but not limited to, the legal documents prepared in connection with the issuance of the Loan: (i) which is, at the time of disclosure, generally known or available to the public (other than as a result of a breach of this Agreement); (ii) which becomes, at a later date, generally known or available to the public through no fault of the Placement Agent and then only after said later date; (iii) which is disclosed to the Placement Agent in good faith by a third party who, to Placement Agent’s knowledge, has an independent right to such information and is under no known obligation not to disclose it to the Placement Agent; (iv) which is possessed by the Placement Agent, as evidenced by such Placement Agent’s written or other tangible evidence; (v) to the extent expressly required by any governmental, judicial, supervisory or regulatory authorities pursuant to federal or state law, subpoena or similar legislative, administrative or judicial process; or (vi) the use of which is consented to by the express prior written consent of an authorized representative of the City.

(iv) The Loan Agreement shall contain provisions limiting transfers of the Loan to (i) “qualified institutional buyers” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”) and (ii) “accredited investors” as described in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act (collectively, the “Approved Buyers”). The Placement Agent shall, on a “best efforts” basis, make offers and placements of the Loan solely to persons whom it reasonably believes to be Approved Buyers (each such purchaser herein referred to as a “Purchaser”) and shall deliver to the Agency (i) a completed and duly executed Investor Letter substantially in the form satisfactory to the City, and (ii) a subscription agreement, bond purchase agreement or commitment letter (each such subscription agreement, bond purchase agreement or commitment letter herein referred to as a “Bond Purchase Agreement”) from Purchasers to purchase Loan in form and substance satisfactory to the City. The Placement Agent hereby acknowledges that the Loan shall initially be sold to no more than 35 Approved Buyers. There is no assurance that the Loan will be sold, and the Placement Agent is under no obligation to purchase the Loan on its own behalf or on behalf of others.

(v) The City shall (i) allow each Purchaser an opportunity to conduct its own independent examination of, and ask questions and receive answers concerning, the Loan, the Loan Agreement, the Loan, and the security therefor, and the transactions and documents related to or contemplated by the foregoing, and (ii) furnish each Purchaser with all documents and information regarding the City, the Loan Agreement, the Loan, and the security therefor, and the transactions and documents related to or contemplated by the foregoing, and all matters related thereto, that such Purchaser requests.

(vi) The City acknowledges and agrees that (i) arranging for Approved Buyers to purchase the Loan pursuant to this Agreement is an arm's-length commercial transaction between the City and the Placement Agent, (ii) in connection with such transaction, the Placement Agent is acting solely as a principal and not as an agent or a fiduciary of the City, (iii) the Placement Agent has not assumed (individually or collectively) a fiduciary responsibility in favor of the City with respect to (x) the placement of the Loan or the process leading thereto (whether or not the Placement Agent has advised or is currently advising the Loan on other matters), or (y) any other obligation to the Loan except the obligations expressly set forth in this Agreement, and (iv) the City has consulted with its own legal and other professional advisors to the extent it deemed appropriate in connection with the placement of the Loan. The City agrees that it will not claim that the Placement Agent has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the City in connection with such transaction or the process leading thereto. The Placement Agent is not acting as a municipal advisor as defined in Section 15B of the Securities Exchange Act of 1934, as amended, in connection with the matters contemplated by this Agreement.

(vii) The City tentatively expects that the Loan will be placed with Pinnacle Public Finance, Inc..

**2. Covenants, Representations and Warranties of the Agency.** The City represents, warrants and agrees as follows:

(i) the City is, and will be at the Closing Date, a duly organized, validly existing and operating charter city pursuant to the laws of the State of California (the "State") with full power and authority to observe and perform the covenants and agreements set forth in this Agreement;

(ii) by official action of the City, prior to or concurrently with the acceptance hereof, the City (a) has duly adopted a resolution authorizing and approving the execution and delivery of this Agreement, and the performance of its obligations contained herein, and (b) such resolution is in full force and effect and has not been amended or supplemented as of the date hereof;

(iii) any certificate signed by an authorized officer of the City and delivered to the Placement Agent shall be deemed a representation and warranty by the City in connection with this Agreement to the Placement Agent as to the statements made therein for the purposes for which such statements are made; and

(iv) The City agrees promptly from time to time to take such action as the Placement Agent may reasonably request to qualify, if such qualification is necessary, the Loan for offering and sale as a private placement under the securities laws of such States as the Placement Agent may reasonably request, and the City further agrees to comply with such laws so as to permit such offers and sales. Any applicable filings will be prepared by the City's counsel, whose fees and disbursements in connection therewith shall be for the account of the City.

**3. Reliance.** The City recognizes that, in providing services under this Agreement, the Placement Agent will rely upon and assume the accuracy and completeness of the financial, accounting, tax and other information discussed with or reviewed by the Placement Agent for such purpose, and the Placement Agent does not assume responsibility for the accuracy and completeness thereof. The Placement Agent will have no obligation to conduct any independent evaluation or appraisal of the assets or the liabilities of the City or any other party or to advise or opine on related solvency issues. Nothing in this Agreement is intended to confer upon any other person (including creditors, employees or other constituencies of the City) any rights or remedies hereunder or by reason hereof.

**4. Termination.** The Placement Agent's authorization to carry out its duties hereunder may be terminated by the City or the Placement Agent at any time with or without cause, effective upon receipt of written notice to that effect by the other party.

**5. Notices.** Any notice or other communication to be given to any of the parties to this Agreement may be given by delivering the same in writing as follows: to the City at the address set forth above; and to the Placement Agent at Southwest Securities, Inc., 2533 South Coast Hwy 101, Suite 250, Cardiff by the Sea, CA 92007, Attention: Mr. Todd Smith.

**6. Survival of Representations, Warranties and Agreements.** This Agreement is made solely for the benefit of the City and the Placement Agent, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the City contained in this Agreement shall remain operative and in full force and effect regardless of delivery of any payment for the Loan.

**7. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**8. Effectiveness.** This Agreement shall become effective upon the execution of the acceptance hereof by a duly authorized signatory of the City, which acceptance hereof shall be indicated on the signature page hereof, and shall be valid and enforceable as of the time of such acceptance. This Agreement may be executed by facsimile transmission and in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

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

**10. No Prior Agreements.** This Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of the Loan.

Very truly yours,

**SOUTHWEST SECURITIES, INC.**

By:

\_\_\_\_\_  
Authorized Representative

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

**CITY OF LEMOORE, CALIFORNIA**

By: \_\_\_\_\_

Title: \_\_\_\_\_



# Quad Knopf

## MEMO

**Date:** April 29, 2013

**Item No.:** \_\_\_\_\_

**To:** Lemoore City Council  
City of Lemoore  
119 Fox Street  
Lemoore, CA 93245

**From:** David Jacobs, Assistant City Engineer

**Subject:** Alternatives for Cedar to the 2012 Double Chip Seal Project

**cc:** Jeff Laws, Interim City Manager  
Joe Simonson, Director, Parks and Recreation Department  
Ray Greenlee, Parks and Facilities Superintendent  
Harry Tow, City Engineer

---

Discussion:

Cedar Avenue extension would extend Cedar Avenue from Brooks Court to Lemoore Avenue. This extension along with the Cedar Avenue work proposed under the 2013 Resurfacing Project (bid opening scheduled for May 14, 2013) would connect Cedar Avenue between 19½ Avenue and Lemoore Avenue.

In 1963 the City of Lemoore recorded a Precise Right-of-Way Plan for Cedar Avenue. The Right-of-Way plan laid out the alignment of Cedar Avenue from 19<sup>th</sup> Avenue to Lemoore Avenue. The subdivisions that have been constructed since have followed the Right-of-Way plan, including Champion Estates, which in 1978 dedicated a portion of the Cedar Avenue alignment west of Champion Street.

In February 2012 the City authorized Quad Knopf to develop alignment alternatives for the connection of Cedar Avenue to Lemoore Avenue and to meet with Caltrans to determine their desired involvement with the project.

Three alternatives were developed and were presented to Caltrans to find out what conditions, if any, they would require. (If the project falls within 525 of the on/off ramps of SR 198 then Caltrans would require median islands to limit turn movements.)

The three alternatives are shown in the plans attached to this memo. Option 2 falls outside the 525-foot Caltrans influence area, and the median treatment can be determined by the City. The other two options would require Caltrans approval of the proposed intersection improvements. Caltrans approval could add up to 6 months to the project timeline.

The alternatives are described below with the potential impacts:

Option 1:

This is the alignment that is shown in the 1963 Precise Right-of-Way Plan. The alignment does not form a perpendicular connection to Lemoore Avenue and is within 525 feet of the on/off ramp of SR 198. The alignment goes through two houses, one just west of Lemoore Avenue and the other halfway between Champion Street and Brooks Court.

Option 2:

This alternative aligns with the existing driveway of the High School parking lot and is perpendicular to Lemoore Avenue. It falls outside the 525-foot Caltrans purview area and goes through a business and 3 houses. This includes the same houses as mentioned in Option 1, plus a business on Lemoore Avenue and another house just west of Lemoore Avenue.

Option 3:

This alignment moves Option 2 to the south to avoid the business. This alignment is perpendicular to Lemoore Avenue and is within the Caltrans purview area. It would affect 2 houses (the same houses as Option 1).

The effects of the different options are preliminary since they are based on aerial photography. Since the Caltrans purview area could affect which option to choose, the City authorized a preliminary field survey to locate the 525-foot line. The above alternative alignment descriptions are based on that limited field survey.

The City Manager has requested that Quad Knopf not proceed with the needed full field survey until the City Council has discussed the alignment options and whether the project should move forward.

Recommendation:

Authorize Quad Knopf to proceed with the field survey of the project.



MATCH LINE-SEE ABOVE RIGHT



SCALE: 1" = 80'



MATCH LINE-SEE BELOW LEFT

PLOT DATE:  
 JOB NO.: L120032  
 FILE NAME:  
 SCALE:  
 SHEET NO.:

IMPROVEMENT PLAN FOR:  
**CITY OF LEMOORE**  
 711 W. CINNAMON DRIVE  
 LEMOORE, CA 93425  
 (559) 924-6735

**CEDAR AVENUE COMPLETION PROJECT**  
**OPTION 2**

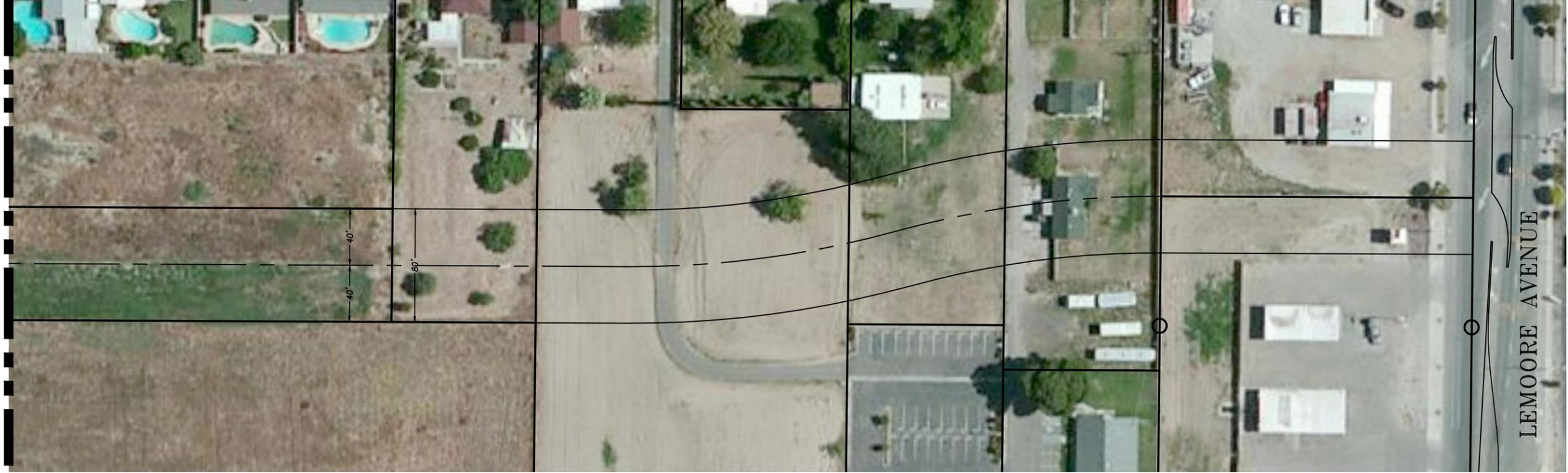
PREPARED BY:  
  
**Quad Knopf**  
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 DRAWN BY: C.CHECK  
 CHECKED BY: HT, DJ

5110 W. CYPRESS AVE.  
 P.O. BOX 3889  
 LEMOORE, CA 93425  
 TEL: (559) 733-0440  
 FAX: (559) 733-7821  
 WWW.QUADKNOPF.COM

APPROVED BY:  
**PROGRESS SET**  
**NOT FOR CONSTRUCTION**

REVISIONS	DATE	BY	DESCRIPTION

**MATCH LINE-SEE ABOVE RIGHT**



SCALE: 1" = 80'



**MATCH LINE-SEE BELOW LEFT**

PLOT DATE:  
JOB NO.: L120032  
FILE NAME:  
SCALE:  
SHEET NO.:

IMPROVEMENT PLAN FOR:  
**CITY OF LEMOORE**  
711 W. CINNAMON DRIVE  
LEMOORE, CA 93425  
(559) 924-6735  
**CEDAR AVENUE COMPLETION PROJECT**  
**OPTION 3**

PREPARED BY:  
  
**Quad Knopf**  
© COPYRIGHT BY QUAD KNOPF, INC. UNAUTHORIZED USE PROHIBITED.  
DRAWN BY: C.CHECK  
CHECKED BY: HT, DJ  
5110 W. CYPRESS AVE.  
P.O. BOX 3888  
LEMOORE, CA 93440  
TEL: (559) 733-0440  
FAX: (559) 733-7821  
WWW.QUADKNOPF.COM

APPROVED BY:  
**PROGRESS SET**  
**NOT FOR CONSTRUCTION**

REVISIONS	DATE	BY	DESCRIPTION

PEI  
 DATE: 05/02/2013  
 TIME: 15:17:05

CITY OF LEMOORE  
 EXPENDITURE TRANSACTION ANALYSIS

PAGE NUMBER: 1  
 AUDIT11

SELECTION CRITERIA: transact.yr='13' and transact.period='11' and transact.batch='RDA0507'  
 ACCOUNTING PERIOD: 11/13

FUND - 150 - RDA RETIREMENT OBLIG FUND  
 BUDGET UNIT - 4951 - RDA RETIREMENT OBLIG FUND

ACCOUNT DATE	T/C	ENCUMBR	REFERENCE	VENDOR	BUDGET	EXPENDITURES	ENCUMBRANCES	DESCRIPTION
4310				PROFESSIONAL CONTRACT SVC				
11/13	05/02/13	21	13-4006	6126 GOMES EXCAVATION		5,500.00	.00	DEMOLITION/DAPHNE LN
11/13	05/02/13	21	13-4007	6126 GOMES EXCAVATION		5,300.00	.00	DEMOLITION/CHAMP ST
TOTAL				PROFESSIONAL CONTRACT SVC	.00	10,800.00	.00	
4511A				BROWNFIELD CLEAN UP				
11/13	05/02/13	21	14576	T909 ASSOCIATED SOILS		16,247.58	.00	ADV TECH/SEAGULL INV.
TOTAL				BROWNFIELD CLEAN UP	.00	16,247.58	.00	
TOTAL				RDA RETIREMENT OBLIG FUND	.00	27,047.58	.00	
TOTAL				RDA RETIREMENT OBLIG FUND	.00	27,047.58	.00	
TOTAL REPORT					.00	27,047.58	.00	