

AGENDA



Garden Grove City
Council

Tuesday, December 17,
2019

6:30 PM

SPECIAL MEETING -
Community Meeting
Center, 11300 Stanford
Avenue, Garden Grove,
CA 92840

Steven R. Jones

Mayor

Stephanie Klopfenstein

Mayor Pro Tem - District 5

George S. Brietigam

Council Member - District 1

John R. O'Neill

Council Member - District 2

Thu-Ha Nguyen

Council Member - District 3

Patrick Phat Bui

Council Member - District 4

Kim B. Nguyen

Council Member - District 6

Meeting Assistance: Any person requiring auxiliary aids and services, due to a disability, to address the City Council, should contact the City Clerk's Office 72 hours prior to the meeting to arrange for accommodations. Phone: (714) 741-5040.

Agenda Item Descriptions: Are intended to give a brief, general description of the item. The City Council may take legislative action deemed appropriate with respect to the item and is not limited to the recommended action indicated in staff reports or the agenda.

Documents/Writings: Any revised or additional documents/writings related to an item on the agenda distributed to all or a majority of the Council Members within 72 hours of a meeting, are made available for public inspection at the same time (1) in the City Clerk's Office at 11222 Acacia Parkway, Garden Grove, CA 92840, during normal business hours; (2) on the City's website as an attachment to the City Council meeting agenda; and (3) at the Council Chamber at the time of the meeting.

Public Comments: Members of the public desiring to address the City Council are requested to complete a **pink speaker card** indicating their name and address, and identifying the subject matter they wish to address. This card should be given to the City Clerk prior to the start of the meeting. General comments are made during "Oral Communications" and should be limited to matters under consideration and/or what the City Council has jurisdiction over. Persons wishing to address the City Council regarding a Public Hearing matter will be called to the podium at the time the matter is being considered.

Manner of Addressing the City Council: After being called by the Mayor, you may approach the podium, it is requested that you state your name for the record, and proceed to address the City Council. All remarks and questions should be addressed to the City Council as a whole and not to individual Council Members or staff members. Any person making impertinent, slanderous, or profane remarks or who becomes boisterous while addressing the City Council shall be called to order by the Mayor. If such conduct continues, the Mayor may order the person barred from addressing the City Council any further during that meeting.

Time Limitation: Speakers must limit remarks for a total of (5) five minutes. When any group of

persons wishes to address the City Council on the same subject matter, the Mayor may request a spokesperson be chosen to represent the group, so as to avoid unnecessary repetition. At the City Council's discretion, a limit on the total amount of time for public comments during Oral Communications and/or a further limit on the time allotted to each speaker during Oral Communications may be set.

PLEASE SILENCE YOUR CELL PHONES DURING THE MEETING.

AGENDA

ROLL CALL: COUNCIL MEMBER BRIETIGAM, COUNCIL MEMBER D. NGUYEN, COUNCIL MEMBER BUI, COUNCIL MEMBER KLOPFENSTEIN, COUNCIL MEMBER K. NGUYEN, MAYOR PRO TEM O'NEILL, MAYOR JONES

INVOCATION

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

1. ORAL COMMUNICATIONS (to be held simultaneously with other legislative bodies)
2. WRITTEN COMMUNICATIONS
 - 2.a. Consideration of a written request from the Little Saigon Tet Parade Committee that the City would be the honorary sponsor of the 2020 Little Saigon Tet Parade. (*Action Item*)

RECESS

CONDUCT OTHER LEGISLATIVE BODIES' BUSINESS

RECONVENE

3. CONSENT ITEMS

(Consent Items will be acted on simultaneously with one motion unless separate discussion and/or action is requested by a Council Member.)

- 3.a. Receive and file the Housing Authority Annual Report as Housing Authority and as Housing Successor for Fiscal Year 2018-19. (*Joint Action Item with the Garden Grove Housing Authority.*)
- 3.b. Receive and file the annual financial reports and auditor's communication related to Fiscal Year 2018-19 annual audit. (*Joint Action Item with the Garden Grove Sanitary District.*)
- 3.c. Award a contract to Unifirst Corporation for uniforms and related Items. (Cost: \$240,000) (*Action Item*)

4. PUBLIC HEARINGS

(Motion to approve will include adoption of each Resolution unless otherwise stated.)

- 4.a. Adoption of a Resolution to approve an Exchange, Disposition and Cooperation Agreement between the Garden Grove Housing Authority and the City of Garden Grove and approval of funding appropriation. (Amount: \$495,000) (*Joint Action with the Garden Grove Housing Authority.*)

5. COMMISSION/COMMITTEE MATTERS

6. ITEMS FOR CONSIDERATION

- 6.a. Adoption of a Resolution to approve a Master Ground Lease between the City of Garden Grove and MWillowick Land LLC. (Continued from December 10, 2019.) (*Action Item*)
- 6.b. Approval of professional service agreements with Associated Soils Engineering, GMU Geotechnical Services, and Geocon West to provide on-call geotechnical services. (Cost: \$300,000 per each agreement.) (*Action Item*)
- 6.c. Adoption of a Resolution establishing a General Fund Reserve policy. (*Action Item*)
- 6.d. Consideration by the City Council to approve the Purchase and Sale Agreements with Investel Garden Resorts LLC for properties located at 12233, 12235, 12237, and 12239 Choisser Road, Garden Grove. (*Action Item*)

7. MATTERS FROM THE MAYOR, CITY COUNCIL MEMBERS, AND CITY MANAGER

8. ADJOURNMENT

The next Regular City Council Meeting will be held on Tuesday, January 14, 2020, at 5:30 p.m. in the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Maria Stipe
Dept.:	City Manager	Dept.:	City Manager
Subject:	Consideration of a written request from the Little Saigon Tet Parade Committee that the City would be the honorary sponsor of the 2020 Little Saigon Tet Parade. (<i>Action Item</i>)	Date:	12/17/2019

The Little Saigon Tet Parade Committee has submitted the attached letter requesting that the City be the honorary sponsor of the 2020 Little Saigon Tet Parade. The honorary sponsor designation would not obligate the City to any financial assistance, rather it is requested that the City would promote public awareness of the Parade in Garden Grove so residents who would be interested in the event can come and enjoy the parade.

RECOMMENDATION

It is recommended that the City Council:

- Review the request from the Little Saigon Tet Parade Committee and provide direction on how to proceed.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Letter from Little Saigon Tet Parade Committee	12/12/2019	Cover Memo	Letter_to_City_-_Honorary_Sponsor.pdf



Little Saigon Tet Parade

Vietnamese American Federation of Southern California

13127 Brookhurst Street

Garden Grove, CA 92843-3129



December 11, 2019

Honorary Mayor Jones and Councilmembers,

The Little Saigon Tet Parade Committee appreciates the Council's unanimous approval of our request to organize the Eighth Annual Little Saigon Tet Parade in Garden Grove on January 26th, 2020. As this year marks 45 years of the Vietnamese political refugees in this beautiful city and this great land of America, the Tet Parade Committee is planning a very extravagant opening ceremony with sky divers' acrobatic performance with large USA and South Vietnam flags.

We are working to make this Tet Parade an event that will put Garden Grove on the heart and mind of million people around the world and we sincerely request that the City to be the Honorary Sponsor of the 2020 Little Saigon Tet Parade. Honorary Sponsor does not obligate the City to financial assistances, rather we ask that the City to promote public awareness of the Parade in our city so residents who would be interested in the event can come and enjoy the parade.

Sincerely.

Phat Bui, Committee Chair

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Lisa L. Kim
Dept.:	City Manager/Director	Dept.:	Community and Economic Development
Subject:	Receive and file the Housing Authority Annual Report as Housing Authority and as Housing Successor for Fiscal Year 2018-19. <i>(Joint Action Item with the Garden Grove Housing Authority.)</i>		
		Date:	12/17/2019

OBJECTIVE

To provide the City Council and Housing Authority Commissioners the Housing Authority Report as Housing Authority and Housing Successor for Fiscal Year 2018-19.

BACKGROUND

In 2012, upon the dissolution of redevelopment agencies, the Garden Grove Housing Authority assumed the housing assets and functions of the former Garden Grove Agency for Community Development ("Former Agency"). As a result, the Housing Authority as Housing Successor ("Housing Successor") is responsible for housing monitoring, administration, and certain housing production requirements.

In 2014, the Governor signed into law SB 341 requiring Housing Successors to conduct an annual report of their housing activities associated with the assumed assets and functions of the Former Agency.

DISCUSSION

The required report is attached and includes all of the sections required by the statute. Additionally, the submission of this report satisfies the requirement that this information be provided to the City Council and Housing Authority as Housing Successor prior to December 31, 2019.

FINANCIAL IMPACT

None.

RECOMMENDATION

It is recommended that the City Council and the Housing Authority:

- Receive and file the Housing Authority Annual Report as Housing Authority and Housing Successor for Fiscal Year 2018-19.

ATTACHMENTS:

Description	Upload Date	Type	File Name
FY 18-19 Housing Authority Annual Report	12/2/2019	Exhibit	GG_FY_2018- 19_Housing_Successor_and_Housing_Authority_Annual_Report_4845- 4402-2190_v.4.pdf

**GARDEN GROVE HOUSING AUTHORITY ANNUAL REPORT
AS HOUSING AUTHORITY AND AS HOUSING SUCCESSOR
FOR FISCAL YEAR 2018-2019 UNDER CALIFORNIA
HEALTH AND SAFETY CODE SECTIONS 34176.1 AND 34328**

This Annual Report of the Garden Grove Housing Authority (Housing Authority) is prepared under the California Health and Safety Code (HSC), Division 24, Parts 1.8 and 1.85 (Dissolution Law), in particular Section 34176.1 as the housing successor, and under the California Housing Authorities Law, HSC Section 34200, *et seq.* (HAL), in particular Section 34328 as a housing authority (together, Report). The Dissolution Law and HAL respectively require preparation of an annual report on the housing successor and the housing authority's activities for the prior fiscal year. This Report details the Housing Authority's activities during Fiscal Year (FY) 2018-2019 and is intended to satisfy the requirements under both HSC Sections 34176.1 and 34328. More specifically, this Report details the Housing Authority's activities for FY 2018-2019, including the information required about the Low and Moderate Income Housing Asset Fund (LMIHAF) and other information under Section 34176.1(f). A copy of the Report, in this draft form, has been provided to the City Council, as governing body, and to the Housing Authority by December 31, 2019 under 34176.1(f), and upon their joint review and action to file the Report after the CAFR is completed and the open meeting on December 17 or in January 2020, this Report will be posted on the City's website at <https://ggcity.org/> and thereafter appended to the City's annual update report prepared under Section 65400 of the Government Code.

This Report includes information prepared by City staff on behalf of the Housing Authority and data from the independent financial audit of the LMIHAF Financial Report for FY 2018-2019 that is a part of the City of Garden Grove's (City) Comprehensive Annual Financial Report (CAFR) prepared by Davis Farr LLP, which audit is separate from this Report and attached as Exhibit B hereto; further, this Report conforms with and is organized into sections I. through XIV., inclusive, under HSC Section 34176.1(f) of the Dissolution Law and Section 34328 of the HAL.

- I. Amounts Received and Deposited Under 34191.4(b)(3)(A).** This section provides the total amount of funds paid to the City and the amount deposited into the LMIHAF allocable to 20% of the repayments on the reinstated City/Agency loan(s), if any, per Section 34191.4.
- II. Amount Deposited into LMIHAF.** This section provides the total amount of funds deposited into the LMIHAF in FY 18-19 and itemized by amounts deposited in FY 18-19 for items listed on Recognized Obligation Payment Schedule (ROPS), amounts allocable to Section 34191.4 deposits, and other amounts deposited into the LMIHAF.
- III. Ending Balance of LMIHAF.** This section provides a statement of the balance in the LMIHAF as of the close of FY 18-19. Any amounts deposited for items listed on the ROPS, and amounts allocable to Section 34191.4 deposits, must be distinguished from the other amounts deposited.
- IV. Description of Expenditures from LMIHAF.** This section provides a description of expenditures made from the LMIHAF during FY 18-19. The expenditures are to be categorized among (A) administration for monitoring, preserving covenanted housing units, (B) homeless prevention and rapid rehousing services and (C) development of housing.

- V. Statutory Value of Assets Owned by Housing Successor.** This section provides the statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.
- VI. Description of Transfers.** This section describes transfers, if any, to another housing successor made in previous fiscal year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.
- VII. Project Descriptions.** This section describes any project for which the Housing Successor receives or holds property tax revenue under the ROPS and the status of that project.
- VIII. Status of Compliance with Section 33334.16.** As and if applicable, this section provides a status update on compliance with Section 33334.16 for interests in real property acquired by the former redevelopment agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, provide a status update on the project.
- IX. Description of Outstanding Obligations under Section 33413.** This section describes outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former redevelopment agency as of February 1, 2012, along with the Housing Successor's progress in meeting those prior obligations, if any, of the former redevelopment agency and how the Housing Successor's plans to meet unmet obligations, if any.
- X. Income Test.** This section provides information required by Section 34176.1(a)(3)(B), or a description of expenditures by income category and restriction for the applicable five-year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met. However, reporting of the Income Test is not required until 2019.
- XI. Senior Housing Test.** This section provides the percentage of deed-restricted rental housing units restricted to seniors and assisted individually or jointly by the Housing Successor, its former redevelopment agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former redevelopment agency and its host jurisdiction within the same 10-year time period.
- XII. Excess Surplus Test:** This section provides the amount of excess surplus in the LMIHAF, if any, and the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.
- XIII. Inventory of Homeownership Units:** This section provides a summary of covenanted homeownership units assisted by the former redevelopment agency or the housing successor that include equity sharing and repayment provisions, including: (A) number of units; (B) number of units lost to the portfolio in the last fiscal year and the reason for those losses, and (C) any funds returned to the housing successor due to losses or repayments.

XIV. Additional Information: Housing Authority's Activities for the Preceding Year FY 18-19 under HSC Section 34328.

This Report and the former Garden Grove Agency for Community Development's (Former Agency) pre-dissolution Implementation Plans are to be made available to the public on the City's website: <https://ggcity.org/econdev/redevelopment-agency-dissolution>.

I. AMOUNT RECEIVED BY THE CITY PER HSC SECTION 34191.4

No funds (\$0) were received during FY 18-19 by the City in repayment of reinstated City/Agency loans per Section 34191.4, therefore, there was no allocation/split as between the City and Housing Successor under Section 34191.4.

II. AMOUNT DEPOSITED INTO LMIHAF

A total of **\$210,646.59** was deposited into the LMIHAF during FY 18-19. This amount includes **\$154,090.19** in loan repayments, **\$48,230.08** in interest, and **\$7,500** in miscellaneous revenue.

(A total of \$34,186.14 was funded through the ROPS 18-19 process and held for items listed on ROPS 18-19 that was attributable to professional services, including legal services, provided during the fiscal period of July 1, 2018 to June 30, 2019. Line Item 55 on ROPS 18-19 was funded and then expended related to continued implementation of the Limon Judgments [term defined below in Section IX].)

III. ENDING BALANCE OF LMIHAF

At the close of FY 18-19, the ending balance in the LMIHAF was **\$597,475** as reported in the LMIHAF audit that is part of the 2018-19 CAFR. It is noted that for ROPS 19-20, as amended, Line item 55, includes funds held for items listed and approved by DOF for ROPS 19-20, related to implementation of the *Limon* Judgments (See Section IX herein.)

IV. DESCRIPTION OF EXPENDITURES FROM LMIHAF

Below is a table describing expenditures from the LMIHAF:

Description	Fiscal Year 18-19
Monitoring & Administration Expenditures (2018-19 CAFR)	\$151,529
Homeless Prevention and Rapid Rehousing Services Expenditures	\$0
Housing Development Expenditures	\$0
➤ Expenditures on Low Income Units	
➤ Expenditures on Very-Low Income Units	
➤ Expenditures on Extremely-Low Income Units	
➤ Total Housing Development Expenditures	
Total LMIHAF Expenditures in Fiscal Year	\$151,529

The administrative expenditures total less than five percent (<5%) of the statutory value of real property owned by the Housing Successor and of loans and grants receivable held by the Housing Successor.

V. STATUTORY VALUE OF HOUSING ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF

Under the Dissolution Law and for purposes of this Report, the “statutory value of real property” means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer schedule (HAT) approved by the Department of Finance (DOF) as listed in HAT under Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.

The following provides the statutory value of assets owned by the Housing Successor (2018-19 CAFR).

Description	Ending Balance
Statutory Value of Real Property Owned by Housing Authority	\$2,995,594
Value of Loans and Grants Receivable*	\$18,931,137
Total Value of Housing Successor Assets	\$21,926,731

**This balance includes SERAF and ERAF loans totaling \$13,254,260 (which changed from the prior fiscal year, based on the State of California, Department of Finance’s (DOF) determination of allowable notes receivable balances). The total value of loans and grants receivable is gross of any allowance.*

VI. DESCRIPTION OF TRANSFERS

The Housing Successor did not make any LMIHAF transfers to other housing successor(s) under Section 34176.1(c)(2) during FY 18-19.

VII. PROJECT DESCRIPTIONS

Except as to the \$34,186.14 funded via ROPS 18-19, Line Item 55, related to continued implementation of the DOF-approved enforceable obligations referred to as the *Limon* Judgments (see Sections II and IX), the Housing Successor did not receive or hold property tax revenue pursuant to the ROPS process.

VIII. STATUS OF COMPLIANCE WITH SECTION 33334.16

Section 34176.1 provides that Section 33334.16 does not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; nevertheless, this Report presents a status update on the status of real property, if and as applicable.

With respect to interests in real property acquired by the former redevelopment agency *prior* to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset in the LMIHAF; thus, as to real property acquired by the former redevelopment agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date the DOF approved such property as a housing asset on the HAT.

The following table provides a status update on the real property or properties housing asset(s) that were acquired prior to February 1, 2012 and compliance with five-year period that commenced on August 30, 2012, the date of the letter issued by DOF approving the these properties as housing assets on the HAT:

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
12892-12942 Grove St 10936 Acacia Pkwy, no site address for APNs 089-213-02, 29, 31,32	03/11/2011	04/29/2017	Vacant; public parking lot. Housing Authority (both as housing successor and housing authority) and City are scheduled to hold a public hearing on December 17, 2019 (after the date of preparation of this Report) to consider the exchange of this property with another property owned by the City, so that the City's exchange property may be planned for affordable housing purposes.
12291 Thackery Dr.	01/10/2008	04/29/2017	No status at this time [vacant].
12602 Keel Ave.	04/25/1989	n/a	This property is subject to an Affordable Housing Agreement with long-term ground lease, sublease and sub-sublease dated as of 6/25/1990 with Orange County Community Housing Corporation as ground lessee and ground sublessor, Shelter for the Homeless (now American Family Housing as sublessee and ground sub-sublessor), and Thomas House as sub-sublessee, and is encumbered with recorded affordable housing covenants (HAT).

[Report continues on next page]

The following table provides a status update on the project(s) for property(ies), if any, that have been acquired by the Housing Successor using LMIHAF since dissolution on or after February 1, 2012:

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
The Housing Successor did not acquire property on or after February 1, 2012.			

IX. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO HSC SECTION 33413

Replacement Housing: Whatever unmet obligation that existed according to the 2010-2014 Implementation Plan for Former Agency, if any, this obligation has been superseded and is being met pursuant to that certain *Stipulation to Substitute Party and for Entry of Interlocutory Judgment* approved by the Superior Court, County of Orange, State of California in the action *Marina Limon, et. al., v. Garden Grove Agency for Community Development*, Orange County Superior Court Case No. 30-2009-00291597 (Original *Limon* Judgment), attached as Exhibit A. There were two lawsuits related to this matter, which resulted in judgments that are both enforceable obligations under the Dissolution Law: (i) a lawsuit filed against the former redevelopment agency pre-dissolution that resulted in the Original *Limon* Judgment), and (2) a second lawsuit filed post-dissolution by the Plaintiffs in the original *Limon* action entitled *Marina Limon, et al v. State of California, et al.*, Sacramento Superior Court Case Number: 34-2014-80001994 (Writ Order to DOF), which together are referred to as the “*Limon* Judgments”. In implementation of the *Limon* Judgments, the Successor Agency to the Garden Grove Agency for Community Development (Successor Agency) in cooperation with the Housing Authority and the City have entered into, caused construction through completion, and continue to implement the 38 units of replacement housing required under the *Limon* Judgment through a series of subsidies, contracts and implementing instruments for: (i) Wesley Village a 47-unit, new construction senior and family affordable housing project and (ii) Sycamore Court, a 78-unit substantial rehabilitation multi-family project, both of which have recorded regulatory agreements with 55-year affordability covenants for tenancy and occupancy by qualified very low and low income households. During FY 17-18 and FY 18-19, the Successor Agency, as well as the City and Housing Authority, have provided documentation and supplemental documentation to the plaintiffs’ counsels in the *Limon* Judgment, but to date plaintiffs’ counsel for unstated reasons have refused to cause the filing in the Superior Court of a full satisfaction of judgment affirming complete satisfaction of the Original *Limon* Judgment. Further, in compliance with the *Limon* Judgments, the plaintiffs and all former residents/tenants at the RV Park were part of the outreach about the availability of the *Limon* Replacement Units for tenancy at the time of initial occupancy of both projects upon completion and issuance of certificates of occupancy. Legal counsel to Garden Grove continues to seek filing of that satisfaction of judgment presently, albeit financial issues exist related to the Wesley Village project that will necessitate restructuring of the existing loans and additional loans by the Housing Authority to ensure that the Limon Replacement Housing Units at Wesley Village remain in operation long-term in implementation of the Original *Limon* Judgment. The Successor Agency’s annual ROPS, in particular item 55, includes funding related to implementation of the *Limon* Judgments, including ROPS 18-19, current ROPS 19-20, and

prospective ROPS 20-21, all to ensure that the *Limon* Replacement Housing Units at Wesley Village (and Sycamore Court) remain in operation long-term in implementation of the Original *Limon* Judgment.

Inclusionary/Production Housing: Whatever unmet obligation that existed according to the 2010-2014 Implementation Plan for the Former Agency, if any, this obligation has been superseded and has been met in full by performance under the Original *Limon* Judgment (Exhibit A).

The Original *Limon* Judgment and the Former Agency's Implementation Plans are posted on the City's website at: <https://ggcity.org/econdev/redevelopment-agency-dissolution>.

X. EXTREMELY-LOW INCOME TEST

HSC Section 34176.1(a)(3)(A) requires that the Housing Successor must require at least 30% of the funds in the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. Under HSC Section 34176.1(a)(3)(B), if the Housing Successor fails to comply with the Extremely Low Income requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement. The 2014–2019 period is the first of the five-year periods added by Section 34176.1.

Extremely-Low Income Test	07/01/2014 – 6/30/2019
The Housing Successor did not expend LMIHAF on development of housing during the five-year reporting period of 2014-2019.	

XI. SENIOR HOUSING TEST

The Housing Successor is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former redevelopment agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former redevelopment agency and/or City within the same time period. If this percentage exceeds 50%, then the Housing Successor cannot expend future funds in the LMIHAF to assist additional senior housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units. The table below provides information regarding the Housing Successor's Senior Housing Test for the 10-year period of July 1, 2009 through June 30, 2019:

Senior Housing Test	07/01/2009 – 6/30/2019
# of Assisted Senior Rental Units (in the Wesley Village project 16 of the 47 units are senior units, and 30 are family units, with one manager's unit)	16
# of Total Assisted Rental Units	497
Senior Housing Percentage	3%

XII. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Housing Successor's preceding four Fiscal Years (\$1,259,807), whichever is greater. The following provides the Excess Surplus test for the preceding Fiscal Years of the Housing Successor:

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Beginning Balance	\$252,996	\$314,555	\$459,145	\$704,604	\$730,829
Add: Deposits	\$135,552	\$222,078	\$500,105	\$402,072	\$210,647
(Less) Expenditures	(\$73,992)	(\$77,488)	(\$254,646)	(\$375,847)	(\$344,001)
Ending Balance	\$314,555	\$459,145	\$704,604	\$730,829	\$597,475

The Low and Moderate Income Housing Asset Fund does not have an Excess Surplus.

XIII. INVENTORY OF HOMEOWNERSHIP UNITS

This section provides an inventory of homeownership units assisted by the Former Agency or the Garden Grove Housing Authority, as Housing Successor, that are subject to covenants or restrictions or to an adopted program that protects the Former Agency's investment of moneys from the former Low and Moderate Income Housing Fund (LMIHF) per HSC Section 33334.3(f). This inventory includes:

A. Total units assisted by the Former Agency.

1. The total number of homeownership units assisted by the former Agency: **55 units**

Address	# of Units
13741 Clinton #76, Garden Grove, CA	1 Unit
10302 Malinda, Garden Grove, CA	1 Unit
12191 Stanford, Garden Grove, CA	1 Unit
12661 James, Garden Grove, CA	1 Unit
11761 Samuel, Garden Grove, CA	1 Unit
5742 Ludlow, Garden Grove, CA	1 Unit
13180 Ferndale, Garden Grove, CA	1 Unit
8861 Calico, Garden Grove, CA	1 Unit
8183 Larson #D, Garden Grove, CA	1 Unit
12631 Woodland, Garden Grove, CA	1 Unit
10119 Andy Reese, Garden Grove, CA	1 Unit
12582 Spinnaker, Garden Grove, CA	1 Unit
12372 Elmwood, Garden Grove, CA	1 Unit
9852 Orangewood, Garden Grove, CA	1 Unit
1360 River Drive, Norco, CA	1 Unit

9611 Blanche, Garden Grove, CA	1 Unit
13421 Mickey, Garden Grove, CA	1 Unit
6732 Laurelton, Garden Grove, CA	1 Unit
10592 McKeen, Garden Grove, CA	1 Unit
14402 Ward, Garden Grove, CA	1 Unit
11682 MacDuff, Garden Grove, CA	1 Unit
6652 Belgrave, Garden Grove, CA	1 Unit
6662 Park, Garden Grove, CA	1 Unit
5452 Richmond, Garden Grove, CA	1 Unit
13096 Blackbird, Garden Grove, CA	1 Unit
11531 Faye, Garden Grove, CA	1 Unit
13582 Hope, Garden Grove, CA	1 Unit
11450 Brookhurst, Garden Grove, CA	1 Unit
13651 Havenwood, Garden Grove, CA	1 Unit
11291 Garden, Garden Grove, CA	1 Unit
Note: The following homeownership units were identified in further review of Garden Grove files, but had not been located or identified during preparation of the HAT in July 2012 that was submitted to and approved by the DOF or listed in the initial report prepared under HSC Section 34176.1(f)(13) relating to homeownership units assisted by the Former Agency, but are listed in this Report as each is an ownership unit assisted by the Former Agency prior to dissolution. Several of these loans have been paid off or the covenants expired, so are also listed in the tables that follow.	
11861 Winton St., Garden Grove, CA	1 Unit
12741-12831 Arbor Ct. & 12752-12852 Arbor Ct., Garden Grove, CA	17 Units
13143 Michael Monsoor Ct., Garden Grove, CA	1 Unit
10852 Sonoma Ln., Garden Grove, CA	1 Unit
13100 Mendocino Ln., Garden Grove, CA	1 Unit
10803 Sonoma Ln., Garden Grove, CA	1 Unit
10811 Sonoma Ln., Garden Grove, CA	1 Unit
10853 Sonoma Ln., Garden Grove, CA	1 Unit
10831 Sonoma Ln., Garden Grove, CA	1 Unit
Total	55 Units

B. Summary of Lost Units.

1. The total number of homeownership units lost to the Housing Successor's portfolio between February 1, 2012 up to June 30, 2019, along with the reason or reasons for those losses: **28 units**

FY	Property Address	Units	Loss Date	Reason for Loss
11-12	11861 Winton St.	1	3/27/2012	Loan Repaid
13-14	9852 Orangewood Ave.	1	11/12/2013	Loan Repaid
14-15	12741-12831 & 12752-12852 Arbor Ct.	17	2014	Covenants Expired
14-15	10831 Sonoma Lane	1	5/8/2015	Loan Repaid
12-13	13741 Clinton #76	1	5/6/2013	Loan Repaid

17-18	10119 Andy Reese	1	9/18/2017	Loan Repaid
14-15	6732 Laurelton	1	3/17/2015	Loan Repaid
14-15	10592 McKeen	1	8/28/2014	Loan Repaid
15-16	6652 Belgrave	1	11/12/2015	Loan Repaid
13-14	11450 Brookhurst	1	3/31/2014	Loan Repaid
12-13	13651 Havenwood	1	6/18/2013	Loan Repaid
14-15	11291 Garden	1	8/11/2014	Loan Repaid

2. Total losses during FY 2018-19 (7/1/18 to 6/30/19): **0 units**

FY	Property Address	Units	Loss Date	Reason for Loss
The Housing Successor had no losses from the homeownership portfolio in FY 18-19				

3. Funds returned to the Housing Successor as part of an adopted program that protects the Former Agency's investment of moneys from the LMIHF. This includes repayments of all Single Family Rehab and First Time Homebuyer loans including principal, interest, and equity sharing payments from February 1, 2012 to June 30, 2019. There were cumulative repayments since dissolution of **\$103,907.54** and repayments during FY 18-19 of **\$7,233.19**.

C. State whether the Housing Successor has contracted with any outside entity for the management of the units and, if so, the identity of the entity.

1. The City's Neighborhood Improvement Division administered a majority of the Former Agency's Single Family Rehabilitation Program and First Time Homebuyer Program. The Neighborhood Improvement Division does have an existing agreement with Amerinational Community Services, Inc., a Minnesota corporation (dba AmeriNat), relating to certain, but not all, aspects of administration of the Former Agency's Single Family Rehabilitation loans and First Time Homebuyer loans that provided second lien mortgages for homeownership units. These consulting services include assistance with oversight and administration of amortized loan payments, if any, due; with tracking and calculation of loan balances in the event of payoff; and, other administrative activities for these outstanding Single Family Rehab and First Time Homebuyer loans. Additionally, the City has contracted with AIM Asset Property Management for property management services.

XIV. ADDITIONAL INFORMATION ABOUT GARDEN GROVE HOUSING AUTHORITY'S ACTIVITIES FOR THE PRECEDING YEAR FY 18-19 PER HSC SECTION 34328

The Housing Authority, as a housing authority, provides rental assistance to up to 2,337 tenant households per month through federal Section 8 housing choice portable vouchers. The lease-up rate by month for FY 2018-19 was as follows:

Month	# of Units Leased
July 2018	2212
August 2018	2214
September 2018	2213
October 2018	2209
November 2018	2209
December 2018	2217

January 2019	2222
February 2019	2214
March 2019	2216
April 2019	2223
May 2019	2216
June 2019	2218

Additionally, the Housing Authority administers a Tenant Based Rental Assistance (TBRA) Program through the City's Neighborhood Improvement Division funded with HOME Investment Partnership Program (HOME) funds from the Department of Housing and Urban Development. During FY 2018-19, the Housing Authority administered TBRA to one household.

During FY 2018-19, there were no terminations of Section 8 portable vouchers for victims of domestic violence.

EXHIBIT A

Original *Limon* Judgment

Limón, et al. v. Garden Grove Agency for Community Development

Case No. 30-2009-00291597

Stipulation to Substitute Party and for Entry of Interlocutory Judgment
(attached)

FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF ORANGE
CIVIL COMPLEX LITIGATION CENTER

JUN 10 2014

ALAN CARLSON, Clerk of the Court

B. Zuanich
BY B. ZUANICH

ELECTRONICALLY RECEIVED
Superior Court of California,
County of Orange
06/09/2014 at 10:06:50 AM
Clerk of the Superior Court
By Olga Lopez, Deputy Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF ORANGE

MARINA LIMON, *et al.*,

Plaintiffs and Petitioners,

v.

GARDEN GROVE AGENCY FOR
COMMUNITY DEVELOPMENT, a municipal
entity, *et al.*,

Defendants and Respondents.

GARDEN GROVE MXD, LLC, and
MCWHINNEY REAL ESTATE SERVICES,
and DOES 21 through 40,

Real Parties in Interest.

Case No. 30-2009-00291597

JUDGMENT

Complaint Filed: August 10, 2009
Dept.: CX-102
Judge: Robert J. Moss

- 1 -

JUDGMENT

1 IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

2 Judgment is entered in favor of Plaintiff Maria Malta and against Defendants pursuant to
3 the terms stated below.

4 1. As used herein, the term "Low Income Households" shall have the meaning set
5 forth in Health and Safety Code section 50079.5.

6 2. As used herein, the term "Very Low Income Households" shall have the meaning
7 set forth in Health and Safety Code section 50105.

8 3. As used herein, the term "Low Income Rent" shall be rent affordable to lower
9 income households as set forth in Health and Safety Code section 50053(b)(3).

10 4. As used herein, the term "Very Low Income Rent" shall be rent affordable to very
11 low income households as set forth in Health and Safety Code section 50053(b)(2).

12 5. Within the timeframe described in Paragraph 9, below, the Successor Agency or,
13 at its discretion, the Housing Successor (hereinafter "Successors"), shall develop replacement
14 housing. Pursuant to this paragraph funds held in the Low and Moderate Income Housing Asset
15 Fund, as defined in Health and Safety Code section 34176, shall be available for development of
16 the replacement housing pursuant to this Judgment. The Successors shall develop or cause to be
17 developed twenty five (25) additional new construction dwelling units as replacement housing for
18 the Travel Country Recreational Vehicle Park ("Park") to address Plaintiff Malta's claims for
19 development of replacement housing pursuant to Health and Safety Code section 33413. No less
20 than twelve (12) of the units developed pursuant to this paragraph shall be covenanted to be
21 leased at Very Low Income Rent and restricted to occupancy by Very Low Income Households;
22 the balance of thirteen (13) units shall be covenanted to be leased at Low Income Rent and
23 restricted to occupancy by Low Income Households.

24 6. In addition to the dwelling units described in Paragraph 6, within the timeframe
25 described in Paragraph 9, below Successors shall develop or cause to be developed thirteen (13)
26 additional dwelling units, either as new construction or Substantial Rehabilitation (as defined
27 below), as replacement housing for the Park to address Plaintiff Malta's claims for development
28

of replacement housing pursuant to Health and Safety Code section 33413. No less than seven (7) of the units developed pursuant to this paragraph shall be covenanted to be leased at Very Low Income Rent and restricted to occupancy by Very Low Income Households; the balance of six (6) units shall be covenanted to be leased at Low Income Rent and restricted to occupancy by Low Income Households.

7. The Successors may reduce the number of dwelling units required to be developed pursuant to Paragraph 7 (but not Paragraph 6) by one dwelling unit for each dwelling unit offered to a household listed on Exhibit A hereto that is rejected by such household provided that a household's rejection of a unit under this section will not disqualify that household from eligibility under Paragraph 11. In order to reduce the unit count, (1) a displaced household must receive an offer of affordable replacement housing after a determination (provided to the displaced household in writing) by the operator of that housing that the displaced household is eligible for occupancy of the replacement housing with respect to all of its qualifications and restrictions, including but not limited to income, family size, rental history and credit score, (2) the offer of affordable housing must be either hand delivered to the displaced household as evidenced by a proof of personal service, or through regular and certified U.S. mail, and (3) the displaced household must be allowed ten (10) business days after receipt of the offer to accept or reject the offer.

8. The Successors shall develop, rehabilitate, construct or cause the development, rehabilitation or construction (as applicable) of the dwelling units described in Paragraphs 6 and 7 ("Replacement Units") within four years from entry of judgment in this case.

9. "Substantial Rehabilitation" shall have the same meaning as contained in Health and Safety Code section 33413.

10. In accordance with Health and Safety Code section 33411.3, all residents displaced by the Redevelopment Agency shall have priority in occupancy of the Replacement Units developed pursuant to this Judgment. Successors shall provide for such priority in any agreement

1 for development or administration of the Replacement Units, and shall maintain a list of eligible
2 persons and families displaced by the Redevelopment Agency.

3 11. Pursuant to action of the California Legislature in Stats. 2012, Ch. 5 (Assembly
4 Bill No. 26, 2011-2012 1st Ex. Sess.) (the "Dissolution Act"), effective June 29, 2011,
5 redevelopment agencies throughout California began a dissolution process. The Dissolution Act
6 provides that the city "that authorized the creation of each redevelopment agency" became the
7 "successor agency" to that redevelopment agency, by operation of law, unless the designated
8 successor entity elected not to serve as the successor agency. California Health and Safety Code
9 sections 34173(a), (d). The Garden Grove City Council adopted resolutions electing to serve as
10 the Successor Agency to the dissolved Redevelopment Agency pursuant to Health and Safety
11 Code section 34173, and designating the Garden Grove Housing Authority as the Housing
12 Successor pursuant to Health and Safety Code section 34176. City of Garden Grove Resolution
13 Nos. 9072-11 (July 12, 2011) and 9089-12 (Jan 17, 2012). As prescribed by the Dissolution Act,
14 the amounts the Successor Agency is obligated to pay pursuant to the terms of this Judgment shall
15 be included as an enforceable obligation of the Successor Agency on each applicable Recognized
16 Obligation Payment Schedule ("ROPS"), as defined in California Health and Safety Code section
17 34171(h) and in accordance with Health and Safety Code section 34177(l), (m), and as set forth
18 below.

19 12. The Successor Agency shall include in the ROPS due to be completed and
20 approved by the oversight board of the Successor Agency no later than October 3, 2015 (ROPS
21 2015-16B), amounts for Replacement Units that will be expended during the January 1, 2016
22 through June 30, 2016 period. The amounts to be expended during this ROPS 2015-16B period
23 shall be appropriate to complete development of the Replacement Units for occupancy within
24 four years from entry of the Judgment.

25 13. The Successor Agency shall pay \$9,000 in attorneys' fees to counsel for Plaintiff
26 Malta. The entire amount of attorneys' fees shall be placed on the ROPS due to be completed by
27 the oversight board of the Successor Agency no later than October 3, 2014 (ROPS 2014-15B).

28 - 4 -

1 14. The obligations contained herein are obligations of the Garden Grove Agency for
2 Community Development ("Redevelopment Agency"), now dissolved, prior to enactment of the
3 Dissolution Act. The obligations set forth herein are not and under no circumstances shall they be
4 construed as obligations of the City or Garden Grove Housing Authority other than in their roles
5 as Successor Agency and Housing Successor, respectively. Consistent with Health and Safety
6 Code § 34173(e), Successor Agency's liability for amounts owing pursuant to this Judgment shall
7 be limited to the extent of the total sum of property tax revenues the Successor Agency and the
8 Housing Successor receive pursuant to the ROPS process and the value of the assets received by
9 the Successor Agency and the Housing Successor. The Successor Agency shall continue to list
10 the obligations of this Judgment on each ROPS until all obligations required by the Judgment are
11 satisfied.

12 15. The Court shall have continuing jurisdiction to enforce the terms of this settlement
13 and Judgment pursuant to California Code of Civil Procedure section 664.6.

14 16. This Judgment represents the sole obligation among the parties hereto and all other
15 causes of action and/or claims arising out of this action are dismissed with prejudice and forever
16 waived.

17 IT IS SO ORDERED.

18
19 DATED: 6/10/15

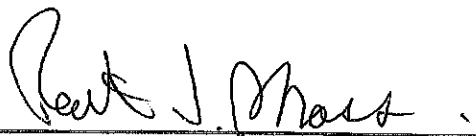
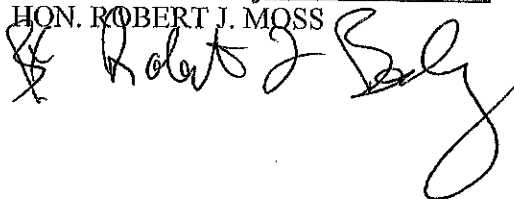

HON. ROBERT J. MOSS


Exhibit B

2018-2019 Audit of LMIHAF

(pending and to be inserted)

Note: At the time of preparation of this Report, the FY 2018-19 Comprehensive Annual Financial Report (CAFR) is still under final review by the City and its independent auditors. It is anticipated this document will be finalized in December 2019 or January 2020, at which time the City Council and Housing Authority jointly will receive and file the Report.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Patricia Song
Dept.:	City Manager	Dept.:	Finance
Subject:	Receive and file the annual financial reports and auditor's communication related to Fiscal Year 2018-19 annual audit. (<i>Joint Action Item with the Garden Grove Sanitary District.</i>)		
		Date:	12/17/2019

OBJECTIVE

For the City Council to receive and file the annual financial reports and auditor's communication related to Fiscal Year 2018-19 annual audit.

BACKGROUND

The City's Municipal Code requires a complete financial statement and report be submitted to the City Council after the close of each fiscal year. In order to ensure the reliability of the information contained within the financial statements, the City contracted with an independent audit firm, Davis Farr LLP, to perform the annual financial audit. The goal of the audit is to provide reasonable assurance that the City's financial statements are free from material misstatement. Davis Farr LLP issued an unmodified, or clean opinion for the City's financial statements for fiscal year ending June 30, 2019.

DISCUSSION

The annual audits of the financial statements of the City and its component units were completed on December 4, 2019. The financial statements were prepared in accordance with all applicable accounting standards in order to conform to Governmental Accounting Standards Board requirements. The independent auditor has issued an unmodified opinion of the City's financial statements for the fiscal year ended June 30, 2019. An unmodified opinion concludes that the financial statements of the City are presented fairly, in all material respects, in accordance with generally accepted accounting principles.

In addition to reviewing and examining the City's financial records, the auditors also reviewed the internal control framework of the City. Internal control is a set of

activities, rules, and procedures implemented by the City to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud. Internal control mechanism is embedded in the normal operating procedures, designed with the intent of safeguarding assets, minimizing errors, and ensuring that operations are conducted in an approved manner. There were no findings cited by the auditors during their review of the City internal control over its financial reporting.

The General Fund is the primary operating fund of the City. For Fiscal Year 2018-19, the General Fund ended with a positive operating result of \$17.2 million before transfers. The surplus was largely due to the passage of Measure O which brought in additional revenue of \$4.8 million and savings in labor costs. The surplus was not originally anticipated and budget reductions were implemented prior to the beginning of the fiscal year before the passage of Measure O.

The City strives to develop a budget that accurately aligns available resources and operational needs. Therefore, all budget variances are carefully reviewed and analyzed. A budget variance is the difference between the budgeted amount of expense or revenue and the actual amount. The budget variance is favorable when the actual revenue is higher than budgeted or when the actual expense is less than budgeted. Budget variances can occur for a variety of controllable and uncontrollable reasons, such as personnel savings due to vacancies, increases or decreases in development related activities, unspent funding in the current year due to projects crossing over fiscal years, implementation of technology to reduce cost, and the identification of additional revenue sources during the year.

Comparing to the budgeted amounts, the General Fund had a net favorable budget variance of \$24.9 million for the fiscal year ended June 30, 2019. Included in this variance was \$12.5 million in taxes, including \$7.9 million Measure O revenue and residual property taxes that were not included in the budget. Investment earnings exceeded the original estimate by \$1.7 million largely due to a mark-to-market adjustment of unrealized gains in the amount \$1.3 million. Licenses, permits and plan check fees were higher than anticipated due to increased development activities, resulting in a combined favorable variance of \$2.2 million. On the expenditure side, \$4.1 million of unspent capital improvement project funds were included in the total variance. This amount was carried over to Fiscal Year 2019-20 to continue the projects. During the year, the City also achieved labor savings as a result of the implementation of an early retirement program. The program was implemented prior to the passage of Measure O in an effort to balance the budget.

During the audit, the auditors identified two misstatements. One of them related to the year-end liability accrual for the City's Worker's Compensation self-insurance program. The City commissions actuarial study on program liability on a biennial basis. The most recent study was performed in December 2017, since then, the claim activity experienced a higher than expected level, resulting in higher liability. Due to the time constraint, the City was not able to update the study before completing the financial audit, resulting in the "incurred but not reported" (IBNR) claims not included in the year-end accrual. Staff will closely monitor the claim activities in the future and perform a timely update if necessary to avoid similar

situation. The other finding was on a transaction posted to the incorrect fiscal period. Franchise fee received in advance was erroneously recorded as current year revenue. Moving forward, with new procedures and a new financial system in place, this type of misstatement will be effectively minimized.

FINANCIAL IMPACT

There is no fiscal impact to receive and file the auditor's reports related to Fiscal Year 2018-19 annual financial audit. The fees for auditing services were provided for in the annual operating budgets.

RECOMMENDATION

It is recommended that the City Council receive and file the following reports and documentations:

- City of Garden Grove Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2018-19 (Attachment 1)
- Single Audit Report (Attachment 2)
- Report on Agreed-Upon Procedures Applied to Appropriation Limit Worksheets – City of Garden Grove (Attachment 3)
- Report on Agreed-Upon Procedures Applied to Appropriation Limit Worksheets – Garden Grove Sanitary District (Attachment 4)
- Report on Internal Control and Compliance of the Air Quality Improvement Fund (Attachment 5)
- Auditor Communications to the City Council (Attachment 6)

The Single Audit Report includes the auditor's report on internal control and compliance over the financial statements and internal control and compliance over major federal programs.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Attachment 1 - Comprehensive Annual Financial Report	12/5/2019	Exhibit	Attachment_1_-_CAFR.pdf
Attachment 2 - Single Audit Report	12/5/2019	Exhibit	Attachment_2-SingleAudit.pdf
Attachment 3 - Appropriation Limit Review - City	12/5/2019	Exhibit	Attachment_3-GANN_City.pdf
Attachment 4 - Appropriation Limit Review - Sanitary District	12/5/2019	Exhibit	Attachment_4_-_GANN_Sanitary_District.pdf
Attachment 5 - AQMD Compliance Review	12/5/2019	Exhibit	Attachment_5-AQMD_Compliance.pdf
Attachment 6 - Auditor's Communication	12/5/2019	Exhibit	Attachment_6-Auditor_Communication.pdf



CITY OF GARDEN GROVE, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

July 1, 2018 - June 30, 2019



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City of Garden Grove, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
June 30, 2019

Finance Department

Patricia Song
Finance Director

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Introductory Section

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CITY OF GARDEN GROVE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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CITY OF GARDEN GROVE

Steven R. Jones
Mayor
Stephanie Klopfenstein
Mayor Pro Tem - District 5
George S. Brietigam
Council Member - District 1
John R. O'Neill
Council Member - District 2
Thu-Ha Nguyen
Council Member - District 3
Patrick Phat Bui
Council Member - District 4
Kim Bernice Nguyen
Council Member - District 6

December 4, 2019

To the Honorable Mayor, City Council, and Citizens of the City Garden Grove:

It is with great pleasure that we present to you the City of Garden Grove's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The CAFR is published to serve two purposes. First, it outlines accountability for public tax dollars and the services that are funded by these resources. Second, it communicates the results of operations and the City's financial position to its constituents, and provides a vital framework for future decisions about programs and services.

In order to ensure the reliability of the information contained herein, the City contracted with an independent audit firm, Davis Farr LLP, to perform the annual financial audit. The goal of the audit is to provide reasonable assurance that the City's financial statements are free from material misstatement. Davis Farr LLP issued an unmodified opinion for the City's financial statements for the fiscal year ended June 30, 2019.

Management is responsible for both the accuracy of the financial report and the completeness and fairness of the presentation. To the best of our knowledge, the information presented is accurate in all material aspects and includes all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial activities. To provide a rational basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the CAFR.

The CAFR is prepared using the financial reporting requirements outlined by the Governmental Accounting Standards Board (GASB) statements. Three sections are presented: the *Introductory Section*, the *Financial Section*, and the *Statistical Section*. This transmittal letter is included in the *Introductory Section*, and is designed to complement and should be read in conjunction with the Management's Discussion and Analysis (MD&A), which is included in the *Financial Section*. The MD&A provides an overview of the City's operations and how we performed financially. The auditor's opinion letter and a complete set of financial statements are presented in the *Financial Section*. The *Statistical Section* presents historical information about the City's finances and operations, as well as demographic and economic data.

The independent audit of the financial statements of the City of Garden Grove was part of a broader, federally mandated audit of state and local governments (the "Single Audit") designed to meet the special needs of federal granting agencies. The standards governing the Single Audit require the auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements. These reports are available in the City of Garden Grove's separately issued Single Audit Report.

The CAFR is a required component of continuing disclosure to the bond holders as covenanted by certain City bond issues.

Community Profile

The City of Garden Grove is located in central Orange County approximately 25 miles southeast of downtown Los Angeles. With a population of approximately 176,896, it is the fifth largest city in Orange County and the twenty-eighth largest in the State of California. The City incorporated on June 18, 1956.

The City spans an area of 17.9 square miles and is a general law city in the State of California. It has a Council-Manager form of government. On May 10, 2016, the City of Garden Grove adopted Ordinance No. 2866 changing the City's at-large system of electing City Council members to a By-District election system and established the boundary lines of the six districts. While the Mayor continues to be elected at-large for a two-year term, the six City Council members are elected by districts for four-year staggered terms. The City Council engages the City Manager and City Attorney. The City Manager has the responsibility for hiring the department directors and for administering the City's programs in accordance with the policies adopted by the City Council.

City Service and Budgetary Control

Garden Grove is a full service city. The services provided by the City include police, street maintenance, park maintenance, water, sewer, recreation, traffic/transportation, public improvements, planning, zoning, and general administrative services. Effective August 16, 2019, the City began contracting with Orange County Fire Authority to provide fire protection and paramedic services. Also included in the City's overall operations are the Garden Grove Housing Authority, the Garden Grove Sanitary District, Garden Grove Successor Agency, and the Garden Grove Public Financing Authority. Additional information on these component units is available in the *Notes to the Basic Financial Statements*.

A key element of the City's financial management process is the development and approval of a biennial budget. Garden Grove Municipal Code requires the City Manager to prepare and submit the proposed budget and salary plan to the City Council for approval. The City Council conducts several public budget review sessions to obtain taxpayer input, prior to adopting the budget at a public meeting. The legal level of budgetary control is at the department level. The City Council may amend the budget to increase or decrease appropriations or move appropriations between

funds. The City Manager is authorized to transfer appropriations within a fund between the various programs and/or departments.

Demographic and Economic Information

Demographically, the City of Garden Grove has one of the highest population density in the County. The community is highly diversified with a median age of 37.9 years. In 2018, there were 46,583 households in the City, with a median household income of \$62,675, representing an increase of 32.2% from 2000. The City is also benefiting from higher education levels. In 2018, 73.8% of the population completed high school, and 20.8% received bachelor degree or higher. This is an increase of 38.7% comparing to 2000.

The job market continues to improve. In 2017, total jobs in the City of Garden Grove numbered 58,163, an increase of 12.6% from 2007. The largest job sector was Education, accounting for 23.9% of total jobs in the City, second by Leisure, representing 15.7% of the job market, an increase of 29.8% from 2007. The increase in the share of Leisure jobs is largely due to the booming hotel industry in the City.

Garden Grove has made significant strides in economic development since the Great Recession. The City also has greatly benefited from strong hotel growth along Harbor Boulevard, specifically with the opening of the Great Wolf Lodge in 2016. Hotel tax revenue has more than doubled since 2012 from \$12 million to \$26 million in fiscal year ended June 30, 2019. The real estate market has remained strong providing the City with growth in property tax revenue. Between 2000 and 2018, the median home sales price increased by 70.0% to \$595,000. Sales revenue shows steady increase over the years due to the City's continued efforts in diversifying business types.

With limited opportunities for large-scale new development, Garden Grove continues to look for opportunities to redevelop and expand currently underutilized properties. Through its ongoing commitment to stimulate the local economy, improve essential services, and expand its public safety labor force, the City of Garden Grove will continue to provide excellent services to its constituents and neighboring communities.

Financial Condition of the City

The local and regional economy continued to show strong growth during the year. However, improving economic performance does not directly translate to improved financial condition for local governments. As an example, a rise in home price does not directly correlate to the City collecting more in property taxes. With Proposition 13, real property tax is capped at 1%, and the property's taxable value cannot increase more than 2% per year. At the same time, increase in fixed costs for city operations has outpaced its revenue growth. Annual required pension contribution alone will grow by \$10.5 million over the next six years, based on the most recent CalPERS valuation report published in July 2019.

The steep increase in non-discretionary costs places significant pressure on the City's revenue generating capabilities, amid other state policies that continue to shift responsibilities to the cities without the necessary funding, increasing costs to law enforcement and public safety, and making it more difficult to maintain the traditional level of essential services our residents expect. Garden Grove has endured years of structural budget deficits. In order to balance the budget, over the years, the City implemented citywide budget reductions, suspended hiring, deferred capital improvements projects and maintenance, and used one-time money to gap the deficit. The City Council recognized the City's struggle to maintain service levels with rising costs, and in July 2018 voted to approve the placement of a one-cent sales tax measure for voter approval. In November 2018, Measure O was approved by over 64% of the voters providing an estimated additional \$19.0 million in revenue annually beginning in FY 2019-20. The Measure O revenue is 100% committed to Garden Grove and cannot be reallocated to the State.

The passing of Measure O provides the City with an opportunity to strengthen its financial position. The City will continue to manage spending in a prudent manner, and identify ways to reduce costs by improving efficiency.

Long-term Financial Planning

The City has consistently demonstrated prudent fiscal management practices. In accordance with the provisions of the City's municipal code, a five-year forecast covering operating revenue and expenditures, labor usage, and capital improvement plan is incorporated in the budget process. The forecast includes analysis of key revenue and expenditure components, and proposed measures to address any anticipated gaps. The City's biennial budget is developed in the context of the five-year financial forecast.

To foster a culture of long-term fiscal sustainability, the City is in the process of adopting a series of important fiscal policies. These policies will set a framework to ensure a balanced budget, maintain healthy reserves, appropriately fund the City's pension liabilities, as well as planning for future infrastructure needs. In August 2019, the City adopted the Pension Funding Policy, formally committing to proactively address its unfunded pension liability. With the close of Fiscal Year 2018-19, a General Fund reserve policy will be added to the policy series setting standard for a contingency reserve. In the near future, infrastructure funding, user fees and cost recovery, cost allocation for administrative and support functions will all be developed and incorporated into the comprehensive policies.

Financial Policies and Practices

The City adopted various critical financial policies and practices with the goal of building a fiscally resilient government over the long-term.

Pension Funding Policy

The purpose of the Pension Funding Policy is to establish a systematic and disciplined method to accumulate resources to be used towards funding pension liability and future benefit payments, and to provide reasonable assurance that the cost of pension benefits will be funded in an equitable and sustainable manner.

Enterprise Fund Business Principles

The City maintains a set of business principles for managing its enterprise fund operations. These principles are to ensure the funds break even and operate efficiently, maintain two months cash flow and \$500,000 in reserves for contingencies, approach 5 percent of system value for replacement sinking funds, and maintain system and facilities up to industry standards by adequately funding new Capital Improvement Programs.

Investment Policy

The City maintains an investment policy that is updated annually and reviewed and approved by the City Council. The City's investment objectives as outlined in the policy are in the following order: safety of principal, liquidity, and yield. To meet these objectives, the City attempts to obtain the highest yield on its investments consistent with the preservation of principal and liquidity. The yield benchmark for the City is the 6-month Treasury bill as listed in the Money Rates section of the Wall Street Journal.

Purchasing Policy

The purpose for the City's centralized purchasing policy is to procure needed supplies, services, and equipment at the utmost quality, within the required time, and at the best price for the City, in a manner consistent with legal requirements, good business practice, and proper fiscal control. The goal is to serve the public with integrity while maximizing the value of the tax dollar.

Debt Management Policy

On January 24, 2017, the City Council adopted a debt management policy in compliance with Senate Bill 1029 to improve public debt financial transparency. The objective of the debt policy is to achieve sound administration of City debt by minimizing debt service and issuance costs, maintaining the highest reasonable credit rating, and ensuring complete financial disclosure and compliance with State and Federal laws.

Major Initiatives

The City has taken steps to reduce unfunded liability through the establishment of a Pension Funding Policy; funding infrastructure improvements, including a facility space need assessment for the policy station; improving efficiency through the

implementation of an Enterprise Resources Planning (ERP) system; and promoting transparency by increasing community engagement on major initiatives, such as the development of Parks Master Plan.

In Fiscal Year 2019-20, the City's new Capital Improvement Program (CIP) totaled \$35.5 million. It covers a wide range of categories including street, building and facility, traffic, parks, water, sewer and storm drain.

The City continues to leverage a strong economy and positive housing market conditions to encourage local economic development initiatives that promote local investment and job creation. Adoption of the City's 2012 Mixed-Use Ordinance advanced a number of mixed-use projects including: the Garden Brook Senior Village comprised of 394 affordable senior units with ancillary retail uses; transition of Brookhurst Place (Phase II) is now underway with completion of the Kia dealership demolition that will soon accommodate approximately 462 apartment homes with commercial space, and a boutique hotel. The Brookhurst Place (Phase 1) recently completed in July 2018 with 180 luxury apartment units along Garden Grove Boulevard. Shea Homes is under construction on an infill project named Gardenia that is comprised of 70 single-family detached residential homes.

Initiatives took place in the downtown areas include the installation of local art and murals throughout the downtown Civic Center area illuminates the ongoing efforts to *Re-Imagine Garden Grove* through placemaking and active transportation. Construction is near completion. SteelCraft Garden Grove, an outdoor, urban eatery built from repurposed shipping containers that houses numerous craft food, eateries, and retail spaces opened in September 2019. The Cottage Industries project envisions an adaptive reuse of the twelve properties in the downtown area to be repurposed for retail, office, café, and makers' space. Construction is expected to be begin in 2020.

Proximity to Orange County's tourism hub has seen a rise of hospitality investment in Garden Grove. Partnerships with two preferred hotel developers are making progress to bring expanded hospitality uses along Harbor Boulevard in the Grove District – Anaheim Resort. Groundbreaking for the Site C Project is anticipated in 2020 that will bring forward a hotel campus of two full-service hotels totaling 769 new rooms, conference space, and regional retail experiences. The Site B2 Exclusive Negotiation Agreement envisions an integrated development with Nickelodeon themed hotel with up to 600 new rooms with supporting retail uses.

The City is committed to providing programs and services designed to improve neighborhoods with support from the Neighborhood Improvement and Conservation Commission and funding from the Federal and State government. Such funding includes Community Development Block Grant, HOME Investment Partnerships Program, and Emergency Solutions Grants. These efforts have expanded to include the establishment of the City's First-time Homebuyer Program through the CalHOME Grant, Workforce Initiative Subsidy for Homeownership Grant (WISH) and continuation of the Senior Home Improvement Grants. Creation of the City's Homeless Emergency Assistance and Rental Transition (HEART) Program to bring

homelessness resources via tenant-based rental assistance to provide housing for Garden Grove homeless population.

Furthermore, the Garden Grove Housing Authority which operates under Federal grants received from the Department of Housing and Urban Development, provides rental subsidies to low-income families. The Section 8 program assists over 2,220 families with their monthly rent. The City is committed to providing these programs and services designed to improve Garden Grove neighborhoods and increase affordable housing options in our community.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Garden Grove for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the 34th consecutive year that the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the award program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of the CAFR on a timely basis was made possible by the efficient and dedicated service of the staff in Finance. Staff members have our sincere appreciation for their contributions to this report. We also acknowledge the assistance of Davis Farr LLP, in completing the CAFR.

We thank the Mayor, City Council, and the City's executive management team for their strong leadership and support of the financial operations of the City and for maintaining the highest standards of professionalism in managing the City's finances for the best interest of the citizens of Garden Grove.

Respectfully submitted,



Scott C. Stiles, City Manager



Patricia Song, Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Garden Grove
California**

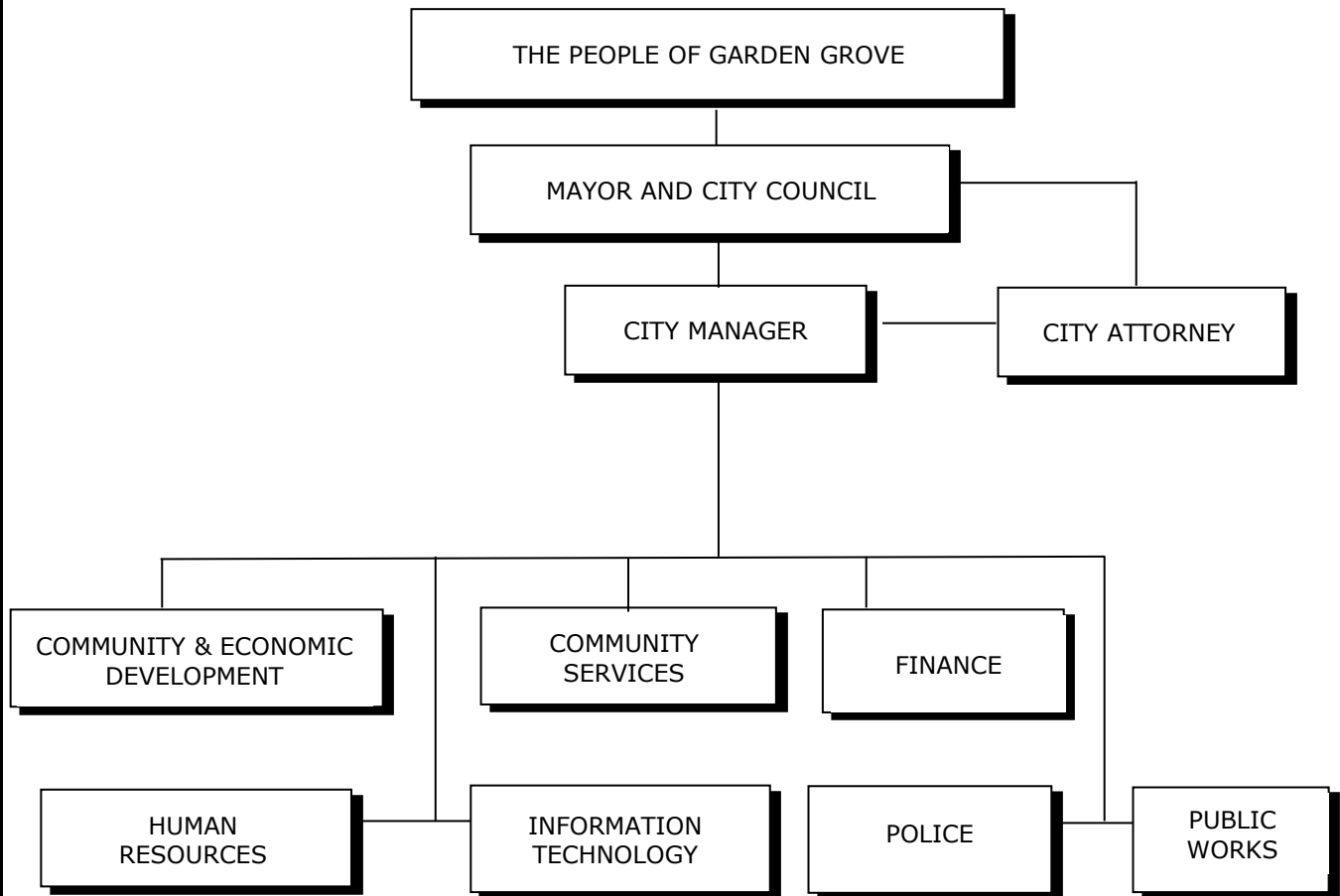
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

CITY OF GARDEN GROVE



CITY OF GARDEN GROVE

CITY COUNCIL

Steven R. Jones
Mayor

Stephanie Klopfenstein
Mayor Pro Tem – District 5

Thu-Ha Nguyen
Council Member – District 3

George S. Brietigam III
Council Member – District 1

Patrick Phat Bui
Council Member – District 4

John R. O'Neill
Council Member – District 2

Kim B. Nguyen
Council Member – District 6

CITY OFFICIALS

Scott C. Stiles
City Manager

Omar Sandoval
City Attorney

Anand Rao
Information Technology Director

John Montanez
Community Services Director

Laura Stover
Human Resources Director

William Murray
Public Works Director

Tom DaRé
Police Chief

Lisa Kim
*Assistant City Manager/Community and
Economic Development Director*

Patricia Song
Finance Director



Financial Section

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Independent Auditor's Report

To the City Council
City of Garden Grove, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden Grove, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden Grove, California, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements for the year ended June 30, 2019 reflect certain prior period adjustments as described further in note 17 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, certain budgetary comparison information, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Pension Contributions and the Schedule of Changes in total OPEB liability and Related Ratios* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *combining and individual nonmajor fund financial statements, certain budgetary comparison schedules, the introductory section and the statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual nonmajor fund financial statements* and the *budgetary comparison schedules* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual*

nonmajor fund financial statements and certain budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019 on our consideration of the City of Garden Grove's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Garden Grove's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

December 4, 2019
Irvine, California

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2019

The City of Garden Grove's Finance team has prepared this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019, to assist users of this report to gain a better understanding of the City's financial health and history. The information presented here should be considered in conjunction with additional information furnished in the letter of transmittal and the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The City of Garden Grove's financial statements prepared for the fiscal year ended June 30, 2019 comply with all applicable statements issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* was implemented by the City during the fiscal year ended June 30, 2019. Additional information related to debt was disclosed in the notes to financial statements with the goal to improve financial reporting by providing essential information to understand the effects of debt on the City's future resource flows.

Government-Wide

- The City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$744.3 million (*net position*).
- The overall City's net position increased by \$17.8 million from the previous fiscal year primarily due to the increase in total assets as the result of enhanced revenue position.
- Total expenses for governmental activities were \$151.7 million for fiscal year ended June 30, 2019. The sources for these expenses came from program revenues of \$42.4 million, taxes in the amount of \$108.6 million, and other general revenue of \$8.5 million. For the current year, revenues from governmental activities exceeded expenses by \$7.8 million, together with a \$1.0 million transfer from business-type activities, and a beginning balance restatement of \$0.3 million, net position for governmental activities increased by \$9.1 million from the previous year to \$586.0 million at June 30, 2019.
- For business-type activities, program revenues exceeded expenses by \$7.6 million. Among the total program revenue of \$85.4 million, \$51.0 million was from charges for services, and \$34.4 million from operating grants and contributions. Combined with investment earnings and other general revenues of \$2.1 million, and a transfer to the governmental activities in the amount of

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

\$1.0 million, net position for business-type activities increased by \$8.7 million from the previous year to \$158.3 million at June 30, 2019.

Fund Based

- As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$134.7 million, an increase of \$19.5 million from the previous year. The net increase was primarily due to the positive operating result with current year's revenues exceeded expenditures by \$19.3 million.
- Among the total fund balance of \$134.7 million reported at the close of the fiscal year, \$84.2 million, or 62.5% are either non-spendable or restricted for specific purposes. Please refer to *Notes to Basic Financial Statements* for additional information on the categorization of the governmental funds' fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements are designed to give users a broad overview of the City's finances, similar to a private-sector business. They present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting.

There are two statements in the government-wide financial statements, the statement of net position, and the statement of activities. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net difference between the total of assets and deferred outflows and the total of liabilities and deferred inflows is reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's infrastructure assets. The statement of activities shows how the City's net position changed during the fiscal year.

Both government-wide financial statements distinguish between functions that are primarily supported by taxes and intergovernmental revenues, and functions that are intended to recover all or a significant portion of their costs through user fees and charges. The first function is identified in the statements as governmental activities, while the latter is reported as business-type activities.

Most of the City's basic services are reported in the governmental activities category, including fire, police, traffic safety, public right of way, community buildings, community services, economic development, parks and greenbelts, community planning and development, and municipal support functions. Property and sales taxes, transient occupancy tax, business licenses and permits, investment income,

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

and state and federal grants finance these activities. The City operates its sewer utility through its component unit, the Garden Grove Sanitary District, and federal Section 8 housing program through another component unit, the Garden Grove Housing Authority. These activities are reported in the business-type activities category along with water utility and solid waste disposal services.

The government-wide financial statements can be found on the pages immediately following this discussion in the Basic Financial Statements section.

Fund Financial Statements

A fund is a set of related accounts that is used to control resources that have been segregated to carry on specific activities or to attain certain objectives in accordance with special regulations, restrictions, or limitations. The City, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All City funds are divided into one of three categories: governmental funds, proprietary funds, or fiduciary funds.

The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary and fiduciary activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help manage and report money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement. The governmental fund financial statements can be found in the *Basic Financial Statements* section of this report.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

Proprietary funds

When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of revenues, expenses and changes in fund net position. The City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities – such as the City's self-insured worker's compensation and risk management, fleet management, employee benefits, information systems, warehouse operation, and communication replacement funds. The internal service funds are reported with governmental activities in the government-wide financial statements. The proprietary fund financial statements can be found in the *Basic Financial Statements* section of this report.

Fiduciary funds

The City is the trustee, or fiduciary, for certain funds held to account for activities reported in this category which includes the Successor Agency. The City's fiduciary activities are reported in separate *statements of fiduciary net position* and *statement of changes in fiduciary net position*.

Notes to Basic Financial Statements

Notes to basic financial statements provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements. They are presented immediately following the *Basic Financial Statements* section of this report.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* on the City's budget process and the General Fund budgetary comparison schedule, the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

Combining and individual statements for non-major governmental and proprietary funds, internal service funds and the agency fiduciary fund are also presented in the *Supplementary Information* section of this report.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

GOVERNMENT- WIDE FINANCIAL ANALYSIS

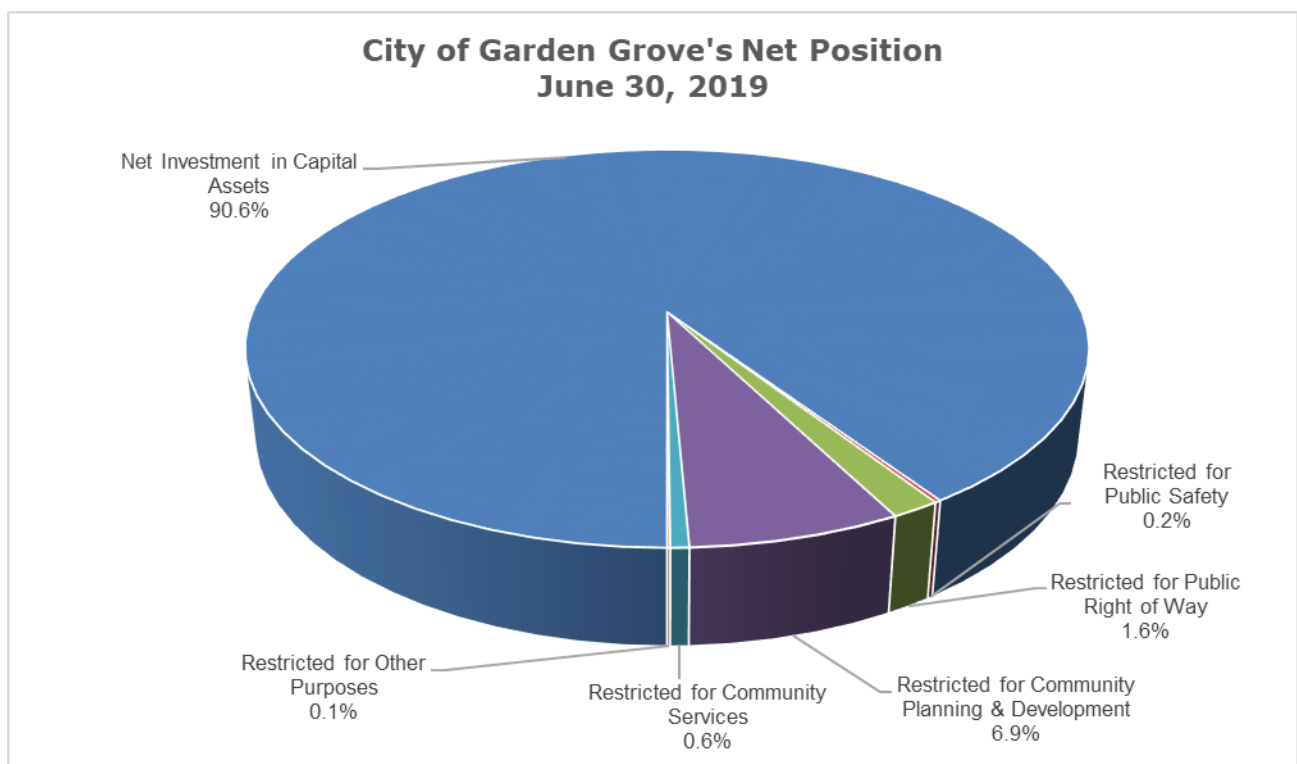
The government-wide financial analysis focus on the City's net position and changes in net position of the governmental and business-type activities during the fiscal year.

As noted earlier, the City's net position as a whole increased by \$17.8 million from the previous year. The enhanced financial position was primarily attributable to positive operating result of the year. The government-wide net position reported \$744.3 million as of June 30, 2019.

Among the total net position, \$747.0 million were invested in capital assets, net of related debt. These capital assets are essential for City operations, which include land, buildings, machinery and equipment, and infrastructure. Net position invested in capital assets is not available for spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay for the liabilities.

The remaining (\$2.7) million of total government-wide net position are composed of \$69.8 million restricted funds and (\$72.5) million unrestricted. Net position may be restricted for capital projects, debt payments, and/or special programs such as public safety and public right of way.

The graph below illustrates the various components of the City's net position at fiscal year ended June 30, 2019.



CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

The schedule below is a condensed version of the City's statement of net position for fiscal year ended June 30, 2019 with comparative data from the previous fiscal year:

City of Garden Grove's Net Position (in millions)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 256.3	\$ 229.6	\$ 70.7	\$ 63.0	\$ 327.0	\$ 292.6
Capital assets	644.3	644.1	157.9	154.2	802.2	798.3
Total assets	<u>900.6</u>	<u>873.7</u>	<u>228.6</u>	<u>217.2</u>	<u>1,129.2</u>	<u>1,090.9</u>
Deferred charges on refunding	-	-	0.1	0.1	0.1	0.1
Deferred OPEB related items	0.4	0.4	-	-	0.4	0.4
Deferred pension related items	40.3	56.6	4.9	7.2	45.2	63.8
Total deferred outflows	<u>40.7</u>	<u>57.0</u>	<u>5.0</u>	<u>7.3</u>	<u>45.7</u>	<u>64.3</u>
Long-term debt	73.0	70.2	31.9	34.2	104.9	104.4
Net OPEB liability	16.1	16.1	2.1	2.1	18.2	18.2
Net pension liability	245.4	252.3	30.6	31.3	276.0	283.6
Other liabilities	13.4	9.3	8.7	6.1	22.1	15.4
Total liabilities	<u>347.9</u>	<u>347.9</u>	<u>73.3</u>	<u>73.7</u>	<u>421.2</u>	<u>421.6</u>
Deferred unamortized gain on refunding	-	-	0.2	0.2	0.2	0.2
Deferred OPEB related items	0.7	-	0.1	-	0.8	-
Deferred pension related items	6.7	5.9	1.7	1.0	8.4	6.9
Total deferred inflows	<u>7.4</u>	<u>5.9</u>	<u>2.0</u>	<u>1.2</u>	<u>9.4</u>	<u>7.1</u>
Net investment in capital assets	621.2	622.9	125.8	120.0	747.0	742.9
Restricted	69.8	65.5	-	-	69.8	65.5
Unrestricted	(105.0)	(111.5)	32.5	29.6	(72.5)	(81.9)
Total net position	<u>\$ 586.0</u>	<u>\$ 576.9</u>	<u>\$ 158.3</u>	<u>\$ 149.6</u>	<u>\$ 744.3</u>	<u>\$ 726.5</u>

A condensed statement of change in net position with comparative amounts on revenues and expenses for the current and prior year is presented on the following page.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

City of Garden Grove's Changes in Net Position (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 17.1	\$ 16.5	\$ 51.0	\$ 48.4	\$ 68.1	\$ 64.9
Operating contributions and grants	21.6	14.6	34.4	31.5	56.0	46.1
Capital contributions and grants	3.7	2.3	-	-	3.7	2.3
General revenues:						
Taxes:						
Property taxes	49.3	47.0	-	-	49.3	47.0
Sales and use taxes	24.6	20.7	-	-	24.6	20.7
Transient occupancy taxes	26.3	26.0	-	-	26.3	26.0
Other taxes	8.4	8.8	-	-	8.4	8.8
Investment earnings	7.7	1.9	1.9	0.4	9.6	2.3
Other income	0.8	0.6	0.2	0.2	1.0	0.8
Total revenues	159.5	138.4	87.5	80.5	247.0	218.9
Expenses:						
Public safety - Fire	27.1	27.4	-	-	27.1	27.4
Public safety - Police	63.0	64.3	-	-	63.0	64.3
Traffic safety	5.2	5.1	-	-	5.2	5.1
Public right of way	19.1	19.0	-	-	19.1	19.0
Community buildings & drainage	6.0	6.7	-	-	6.0	6.7
Parks & community services	8.0	11.3	-	-	8.0	11.3
Community & economic development	11.5	12.4	-	-	11.5	12.4
Municipal support	10.8	8.7	-	-	10.8	8.7
Water utility	-	-	34.0	35.4	34.0	35.4
Sewer utility	-	-	7.8	7.8	7.8	7.8
Solid waste disposal	-	-	1.8	1.9	1.8	1.9
Housing program	-	-	34.2	33.1	34.2	33.1
Interest on long-term debt	1.0	1.1	-	-	1.0	1.1
Total Expenses	151.7	156.0	77.8	78.2	229.5	234.2
Transfers	1.0	0.6	(1.0)	(0.6)	-	-
Special Items	-	30.0	-	-	-	30.0
Change in net position	8.8	13.0	8.7	1.7	17.5	14.7
Net position - beginning of year	576.9	570.0	149.6	146.7	726.5	716.7
Restatement	0.3	(6.1)	-	1.2	0.3	(4.9)
Net position - end of year	<u>\$ 586.0</u>	<u>\$ 576.9</u>	<u>\$ 158.3</u>	<u>\$ 149.6</u>	<u>\$ 744.3</u>	<u>\$ 726.5</u>

CITY OF GARDEN GROVE

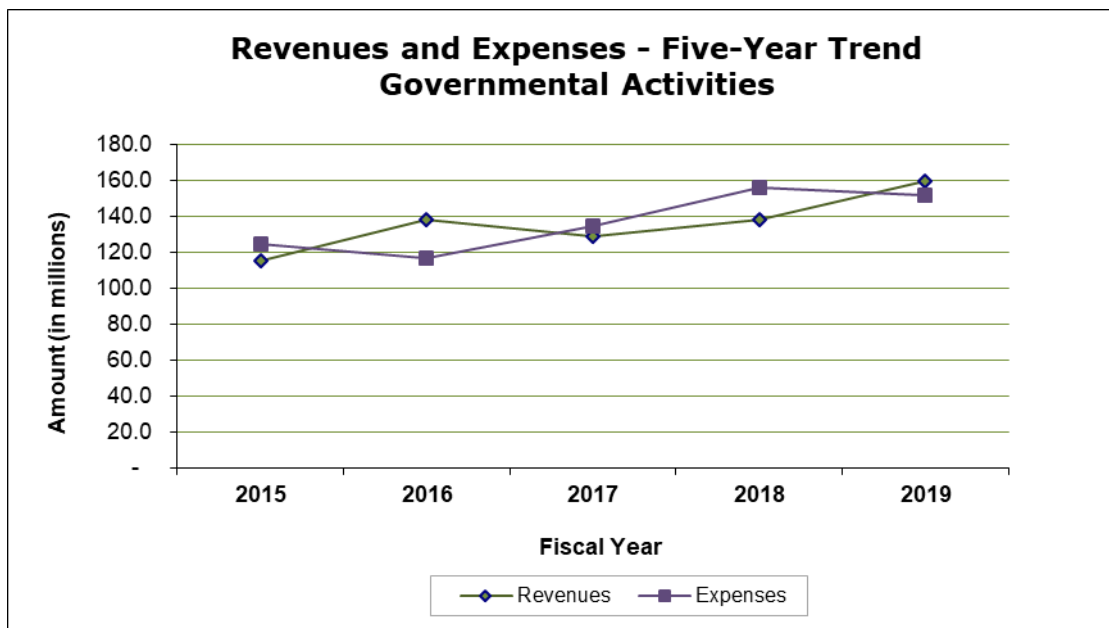
Management's Discussion and Analysis (continued)

June 30, 2019

Governmental Activities

Total resources available during the year to finance governmental operations were \$736.7 million. This amount consists of the beginning net position of \$577.2 million, which includes a restatement of \$0.3 million, program revenues of \$42.4 million and general revenues of \$117.1 million. Total uses in governmental activities during the year totaled \$151.7 million. Transfers to governmental activities were \$1.0 million. Therefore, the net position for governmental activities increased by \$9.1 million and ended at \$586.0 million as of June 30, 2019.

The chart below presents governmental activity revenues and expenses for the past five years. Transfers and extraordinary items were not included in the revenues and expenses.

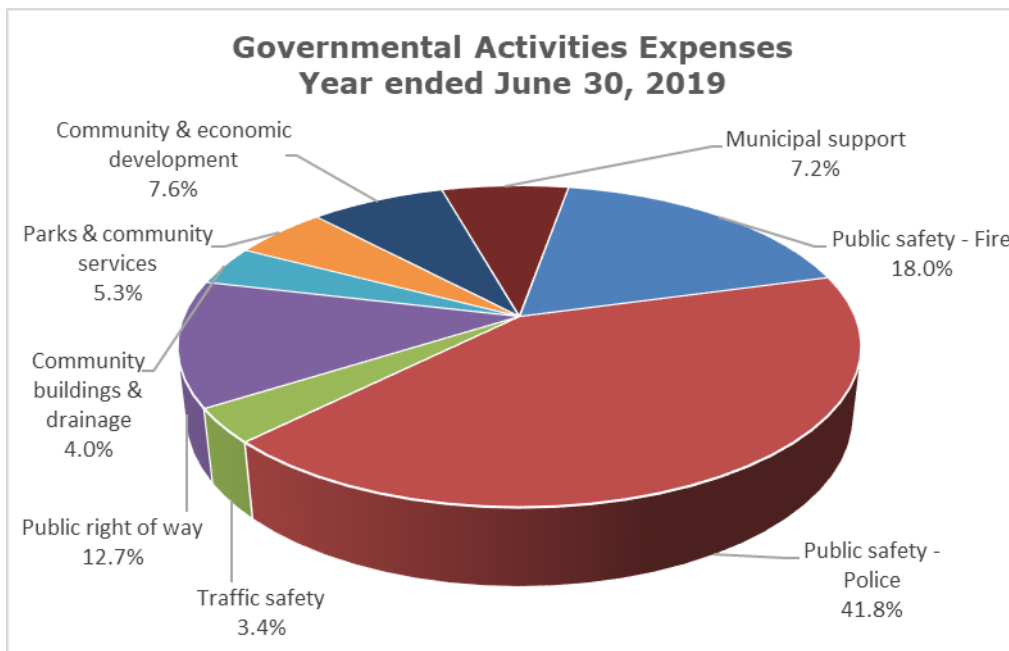


The cost of governmental activities for fiscal year ended June 30, 2019 was \$150.7 million, excluding \$1.0 million in interest expense. A total of \$90.1 million, or 59.4% was for providing public safety services. The chart on next page shows a breakdown of the cost of each major municipal function.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019



The public safety function (police and fire) is primarily funded by property taxes, sales tax, transient occupancy tax, and other general revenues. Traffic safety, public right of way, community buildings and drainage programs are responsible for maintenance and construction of transportation system as well as city facilities, with funding provided by gas tax, Measure M2, various federal, state and local grants, special assessment, as well as other general revenues. The funding source for parks and community services is primarily general revenues and some program fees. Community and economic development functions are funded by development related revenues as well as general revenues such as taxes, fees and investment income. Municipal support services (administration, legal, human resources, financial, and information technology) are primarily funded by charges to the direct operating functions they support through a cost allocation program.

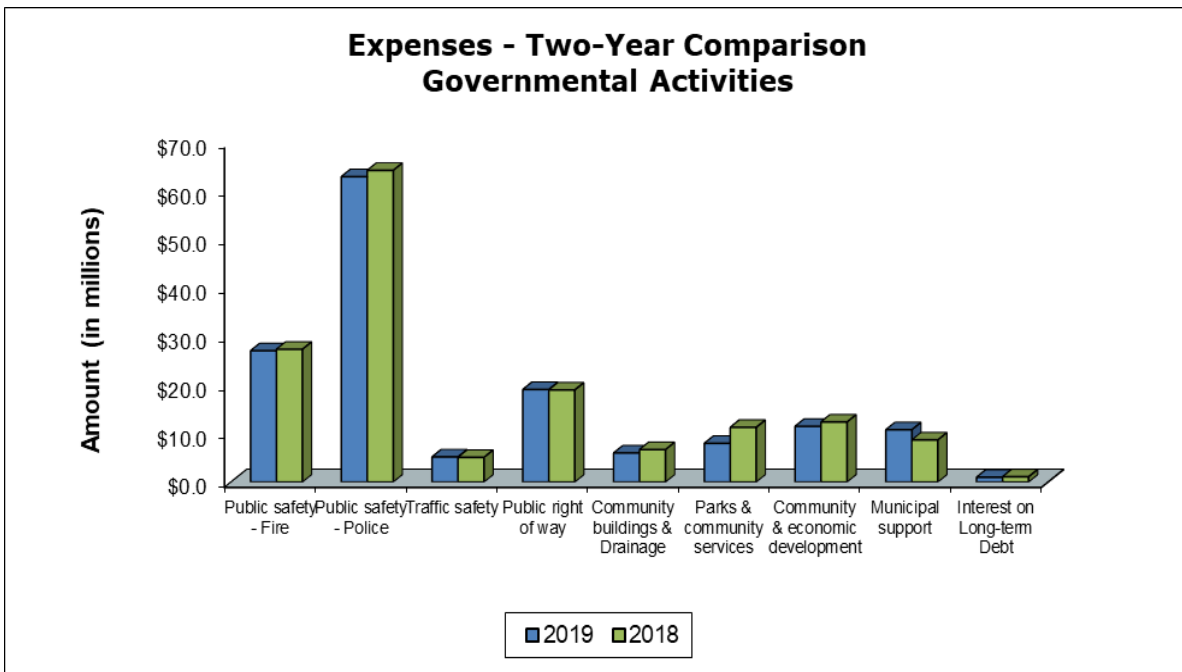
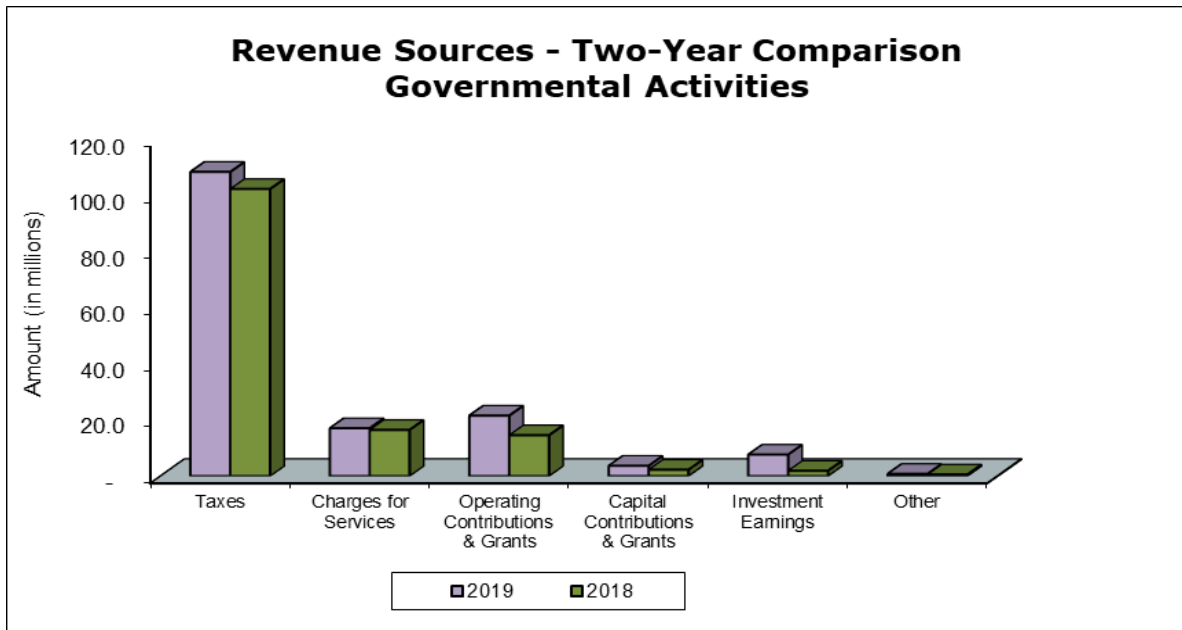
Of the total cost of the governmental activities, the amount the taxpayers ultimately funded was \$108.6 million, the remaining balance was paid by various program revenues, including \$17.1 million by those who directly benefited from the programs, \$21.6 million from other governments and organizations that subsidized certain programs with operating grants and contributions, and \$3.7 million from capital grants and contributions.

The following two charts illustrate the total revenue and expense for the governmental activities, excluding transfers for the fiscal years ended June 30, 2019 and June 30, 2018 respectively.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019



Highlights of the major revenue sources and expenses are listed below:

- Program revenues represent 26.6% of total revenues generated by governmental activities. Total program revenues for governmental activities in the current year were \$42.4 million, an increase of \$9.0 million from the previous year, primarily due to the increased revenue from operating contributions and grants.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

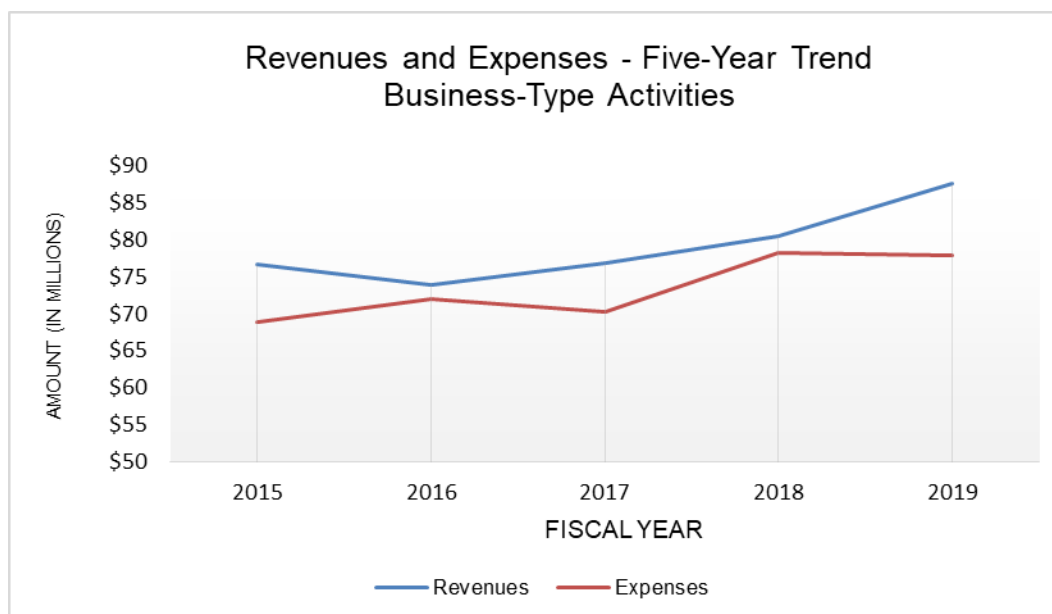
June 30, 2019

- Taxes comprised 68.1% of the total revenues from governmental activities. Total tax revenues were \$108.6 million for the current year, showing an increase of \$6.1 million, or 6.0% from the previous year. Sales and use taxes had the largest increase, in addition to the new Measure O revenue in the amount of \$4.8 million, strong auto sales and adjustments from the California Department of Tax and Fee Administration contributed another \$2.7 million in revenue growth. Property tax revenue represents 45.4% of total taxes, where transient occupancy tax revenue ranked second sharing 24.2% of total tax revenue. The remaining 7.7% were comprised of franchise tax, business license tax, and motor vehicle taxes.
- Overall governmental expenses decreased by \$4.3 million from the prior year. During the year, the City took effective measures to contain costs by implementing an early retirement program, reducing operating costs for professional/contractual services and insurance premiums. The early retirement program resulted in over 50 retirements, with the first year savings of \$3.9 million.

Business-Type Activities

The City's net position in the business-type activities increased by \$8.7 million. Primary contributors to the increase was the \$5.5 million increase in revenues from charges for services and operating contributions and grants. The overall net position reported in the business-type activities was \$158.3 million as of June 30, 2019.

The chart below presents revenues and expenses in the business-type activities for the past five years, excluding transfers and extraordinary items.

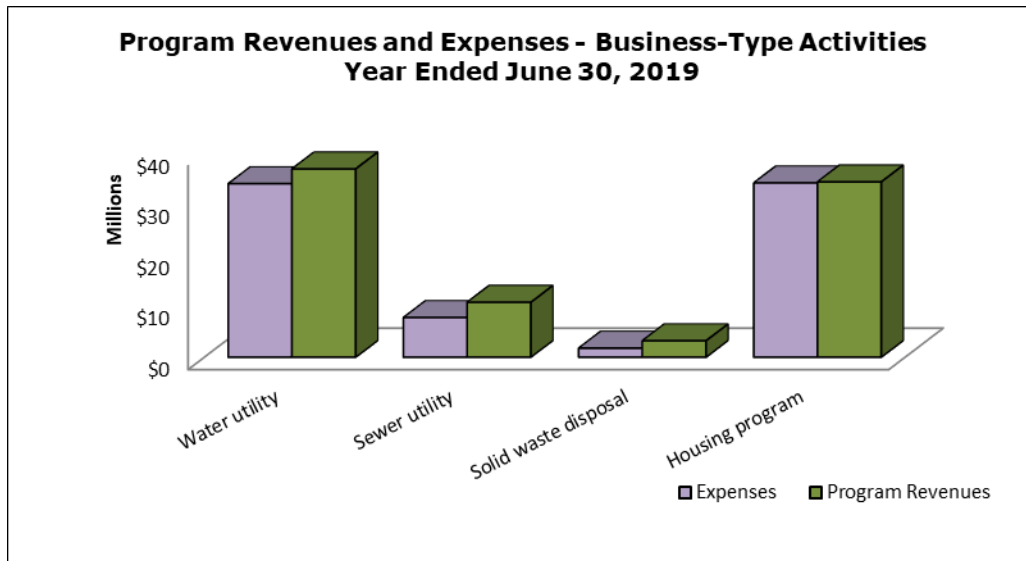


CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

The graph below shows the expenses of each business-type function compared to the program revenues generated specifically from its operations.



Total expenses of all business-type activities for the fiscal year ended June 30, 2019 were \$77.8 million, a slight decrease of \$0.4 million from the previous year. As shown in the statement of activities, the amount paid by users of the systems was \$51.0 million, reported as charge for services. Revenues from operating grants and contributions were \$34.4 million, for the City's Housing Section 8 program. Total program revenue reported for the year was \$85.4 million.

Total resources available during the year to finance business type activities were \$237.1 million. This amount consists of net position at July 1, 2018 in the amount of \$149.6 million, and total revenues of \$87.5 million. After funding total expenses of \$77.8 million, net position for business-type activities increased by \$8.7 million to \$158.3 million at June 30, 2019.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

FUND FINANCIAL ANALYSIS

General Fund

The General Fund is the primary operating fund of the City. Fund balance increased by \$17.4 million for the fiscal year ended June 30, 2019, with an ending balance of \$67.1 million.

Below is a three-year trend analysis on the fund balance of the General Fund. For additional information, please refer to *Notes to Basic Financial Statements*.

City of Garden Grove's General Fund Fund Balance Three-Year Trend Information (in millions)

	<u>FY 2018-19</u>	<u>FY 2017-18</u>	<u>FY 2016-17</u>
Fund Balances:			
Nonspendable	\$ 12.8	\$ 13.5	\$ 13.4
Restricted	3.8	3.1	0.3
Assigned	3.1	3.7	3.5
Unassigned	47.4	29.4	22.7
Total Fund Balance	<u>\$ 67.1</u>	<u>\$ 49.7</u>	<u>\$ 39.9</u>
Fund Balance - Beginning	\$ 49.7	\$ 39.9	\$ 35.1
Excess revenues over expenditures	17.1	5.5	1.7
Transfers	0.3	1.8	0.3
Gain on sale of capital assets	-	-	2.8
Special items	-	2.5	-
Fund Balance - Ending	<u>\$ 67.1</u>	<u>\$ 49.7</u>	<u>\$ 39.9</u>

For fiscal year ended June 30, 2019, operating revenues exceeded expenditures by \$17.1 million. The positive operating results was primarily due to enhanced revenue base with the passage of a local sales tax measure, Measure O, which brought in an additional 1% of sales tax to the City, combined with effective measures implemented to contain costs, including an early retirement program. Measure O became effective on April 1, 2019. Approximately \$4.8 million was generated by Measure O in FY2018-19. The early retirement program was implemented in September 2018, over 50 employees participated, resulted in approximately \$3.9 million savings in personnel cost in the General Fund in FY2018-19.

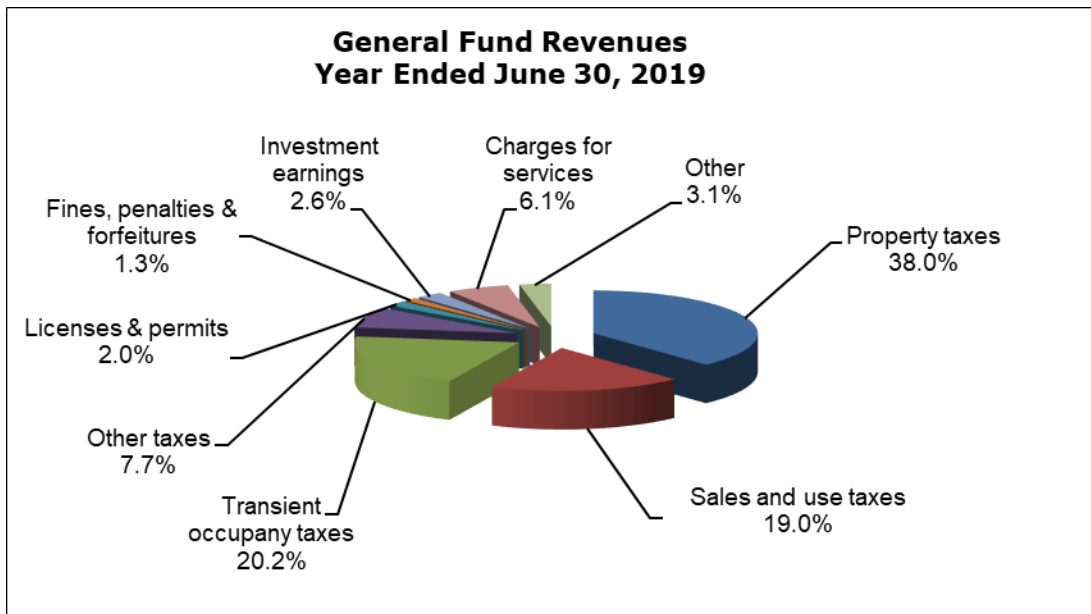
Overall General Fund revenues increased by \$14.6 million or 12.7%, compared to the previous year. Besides the additional \$4.8 Measure O sales tax revenue mentioned above, revenue from property taxes increased \$2.3 million, or 4.9% in the current year, largely due to the increased overall assessed valuation. Transient occupancy tax was the second largest revenue source of the General Fund, which continued its steady increase from the prior years and exceeded \$26.0 million in FY2018-19. Overall General Fund tax revenue increased \$11.3 million from the previous year and contributed a total of \$110.2 million to its operations.

CITY OF GARDEN GROVE

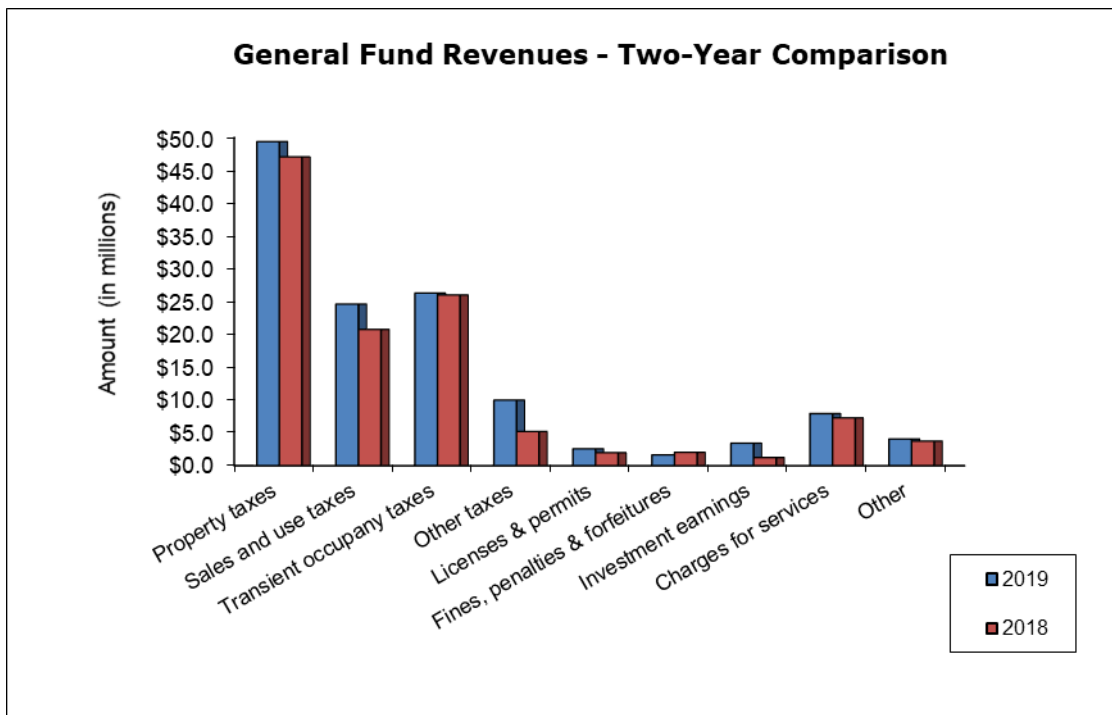
Management's Discussion and Analysis (continued)

June 30, 2019

The graph below illustrates General Fund revenues by major sources:



A two-year comparison of each General Fund revenue source for the fiscal years ended June 30, 2019 and June 30, 2018 is presented below:



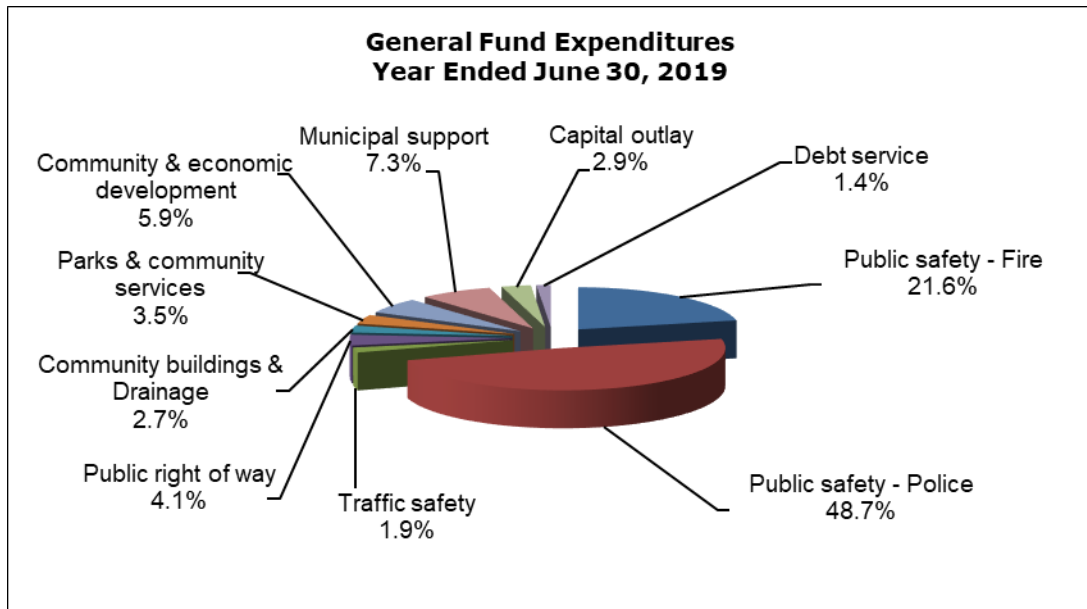
CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

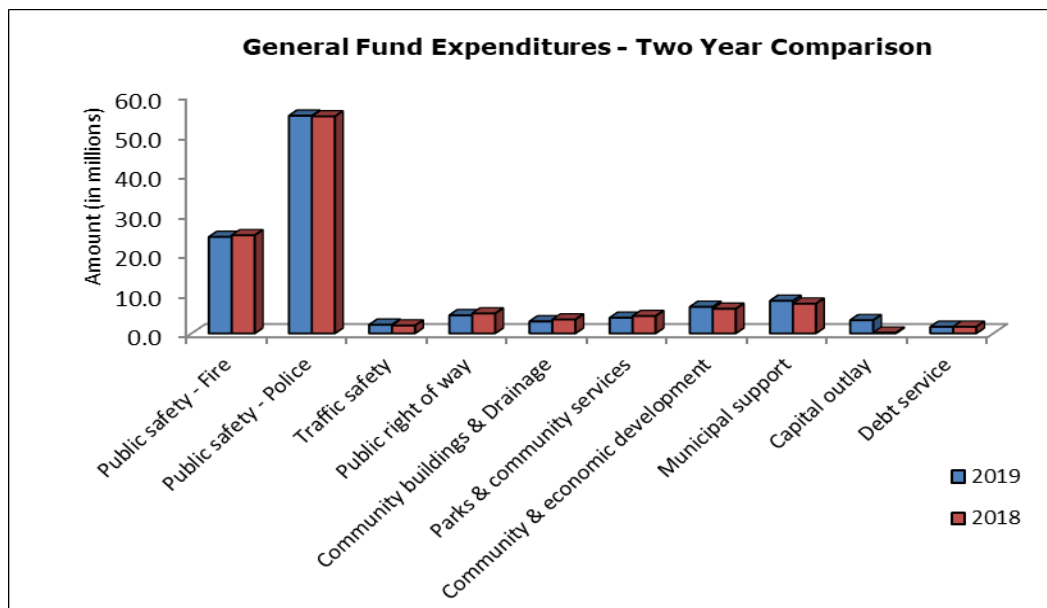
June 30, 2019

Overall General Fund expenditures increased by \$2.9 million compared to the previous year. Despite the \$3.9 million in savings from the early retirement program, personnel cost increased by \$3.7 million due to the increase in the required contribution towards the City's unfunded pension liability with CalPERS. Capital expenditure increased by \$3.1 million to fund a major Enterprise Resources Planning (ERP) system implementation, as well as City facilities improvements.

The graph below illustrates General Fund expenditures by category:



A two-year comparison of each General Fund expenditure category is shown below:



CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

Other Major Governmental Fund

The Housing Successor Agency capital project fund reported a fund balance of \$22.3 million as of June 30, 2019, consistent with the prior year. The majority of the fund balance reflected an amount due from the Successor Agency for \$13.3 million, long-term receivables from various housing organizations in the amount of \$5.6 million, and land inventory with a total book value of \$2.8 million.

CAPITAL ASSETS

The capital assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets, buildings and facilities, furniture, machinery and equipment, land, and construction in progress. At June 30, 2019, net capital assets totaled \$644.3 million for the governmental activities, and \$157.8 million for the business-type activities respectively. Depreciation on capital assets is recognized in the government-wide financial statements. Please refer to *Notes to Basic Financial Statements* for additional information.

The table below presents comparative summary information on the City's capital assets:

City of Garden Grove's Capital Assets
Net of Depreciation (in millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 416.2	\$ 415.5	\$ 2.0	\$ 2.0	\$ 418.2	\$ 417.5
Streets	158.1	164.3	-	-	158.1	164.3
Storm drainage	22.8	24.3	-	-	22.8	24.3
Water system	-	-	87.7	85.8	87.7	85.8
Sewer system	-	-	63.8	62.8	63.8	62.8
Buildings and improvements	27.7	19.7	0.3	0.3	28.0	20.0
Furniture, machinery & equipment	15.2	15.3	0.2	0.1	15.4	15.4
Construction in progress	4.3	5.0	3.8	3.2	8.1	8.2
Total Capital Assets	<u>\$ 644.3</u>	<u>\$ 644.1</u>	<u>\$ 157.8</u>	<u>\$ 154.2</u>	<u>\$ 802.1</u>	<u>\$ 798.3</u>

DEBT ADMINISTRATION

The City continued its efforts to reduce its long-term debt obligation. In addition to steadily paying down its outstanding long term obligations, the City implemented a Pension Funding Policy in August 2019 to proactively and effectively manage its unfunded pension liability. An IRC Section 115 Trust was established in November 2019 accordingly.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

The schedule of outstanding long-term debt with comparative amounts for the previous fiscal year is presented below. For additional information on the City's long-term debt, please refer to *Notes to Basic Financial Statements*.

City of Garden Grove's Outstanding Debt (in millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Lease payable	\$ 22.7	\$ 23.2	\$ -	\$ -	\$ 22.7	\$ 23.2
Capital leases payable	0.4	0.6	-	-	0.4	0.6
Revenue bonds	-	-	25.7	26.9	25.7	26.9
Certificates of participation	-	-	4.7	5.6	4.7	5.6
Unamortized bond premium	1.4	1.4	1.5	1.7	2.9	3.1
Total Outstanding Debt	<u>\$ 24.5</u>	<u>\$ 25.2</u>	<u>\$ 31.9</u>	<u>\$ 34.2</u>	<u>\$ 56.4</u>	<u>\$ 59.4</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund appropriations were originally adopted at \$113.4 million for Fiscal Year 2018-19, excluding transfers to other funds of \$0.6 million. Final appropriations were increased by \$8.2 million to \$121.6 million. Among the budgetary increase, \$6.6 million was due to appropriations carried over from the prior year, which included a \$2.8 million City Facilities Energy Efficiency project, \$2.5 million Tourist Improvement District capital improvement project, and various Economic Development programs as well as grant funded activities. The remaining \$1.1 million was supplemental as approved by the City Council throughout the year to fund for activities and/or operations not included during the budget adoption process.

Below is a summary of changes made to the adopted budget:

Original Budget	\$ 113,439,184
Carryover Appropriations	6,554,093
Supplemental Changes	<u>1,071,708</u>
Final Budget	<u>\$ 121,604,985</u>

The supplemental funding included the following:

- \$714,708 for a storm drain improvement project. Appropriation for the project was not originally included due to pending grant funds;
- \$182,000 for additional crossing guard services; and
- \$175,000 for fees assessed by the California Department of Tax and Fee Administration for the implementation of Measure O sales tax measure that was passed by our voters in November 2018.

At June 30, 2019, the City's General Fund concluded the fiscal year with a net favorable variance of \$24.9 million. The net favorable variance is the result of an increase in revenues of \$17.3 million, an expenditure savings of \$8.9 million, and a reduction in net incoming transfer of \$1.3 million.

CITY OF GARDEN GROVE

Management's Discussion and Analysis (continued)

June 30, 2019

Table below shows the budget variance in each category, revenue, expenditure and transfers:

City of Garden Grove Budget to Actual Comparison				
(in millions)				
	Revenue	Expenditure	Net Transfer	Budget Variance
Final Budget	\$ 112.5	\$ 121.6	\$ 1.6	
Actual	129.8	112.7	0.3	
Favorable/(Unfavorable)				
Budget Variance	\$ 17.3	\$ 8.9	\$ (1.3)	\$ 24.9

The favorable variance in revenues was primarily due to the following reasons:

- The passage of Measure O, brought in an additional \$4.8 million that was not budgeted;
- The general sales exceeded estimate by \$2.7 million due to strong auto sales and adjustments done by the California Department of Tax and Fee Administration on prior year under-distributed taxes;
- Residual property tax revenue received in the amount of \$3.1 million was not incorporated in the original budget due to the uncertainty of Redevelopment Property Tax Trust Fund distribution;
- Paramedic tax revenue exceeded original estimate due to the increase in assessed valuation;
- Investment earnings reported a GASB 31 Gain in the amount of \$1.7 million;
- Licenses, permits and plan check fees were higher than anticipated due to increased development activities, resulted in a combined favorable variance of \$2.2 million.

Included in the \$8.9 million favorable variance in the expenditure budget, \$3.9 million was personnel cost savings due to the implementation of an early retirement program in September 2018, which resulted in over 50 retirements. Additionally, \$4.1 million was unspent funding for ongoing capital improvement projects, including \$2.9 million for Harbor Corridor Street and Transit Improvement, and \$1.2 million for certain economic development programs. These funds will be carried over to the next fiscal year to complete the project/programs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact the City of Garden Grove's Finance Department at 11222 Acacia Parkway, Garden Grove, California, 92840, phone number 714-741-5060, or e-mail finance@ggcity.gov.



Basic Financial Statements

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CITY OF GARDEN GROVE
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and investments	\$ 181,828,096	\$ 72,288,605	\$ 254,116,701
Cash and investments with			
fiscal agents	1,561,935	701,167	2,263,102
Taxes receivable	10,850,598	62,388	10,912,986
Accounts receivable	3,000,934	7,475,968	10,476,902
Interest receivable	888,171	316,903	1,205,074
Intergovernmental receivable	1,183,540	2,700	1,186,240
Internal balances	10,131,666	(10,131,666)	-
Inventory	477,700	-	477,700
Deposits and prepaid items	801,638	19,487	821,125
Notes receivable, net	29,392,970	5,393	29,398,363
Due from Successor Agency	13,254,260	-	13,254,260
Land held for resale	2,819,063	-	2,819,063
Prepaid bond insurance costs	107,605	-	107,605
Capital assets:			
Land	416,181,944	2,009,789	418,191,733
Construction in progress	4,283,191	3,766,166	8,049,357
Depreciable capital assets, net	223,855,097	152,061,442	375,916,539
Total assets	900,618,408	228,578,342	1,129,196,750
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding of debt	-	66,812	66,812
OPEB related items	415,074	52,716	467,790
Pension related items	40,325,501	4,851,472	45,176,973
Total deferred outflows	40,740,575	4,971,000	45,711,575
LIABILITIES			
Accounts payable	5,741,559	7,204,310	12,945,869
Accrued liabilities	3,660,570	715,677	4,376,247
Refundable deposits	3,586,256	735,107	4,321,363
Interest payable	346,908	57,984	404,892
Unearned revenue	63,234	-	63,234
Noncurrent liabilities:			
Due within one year	15,362,326	2,340,686	17,703,012
Due in more than one year	57,662,714	29,576,182	87,238,896
OPEB liability	16,151,786	2,051,337	18,203,123
Net pension liability	245,374,946	30,584,911	275,959,857
Total liabilities	347,950,299	73,266,194	421,216,493
DEFERRED INFLOWS OF RESOURCES			
Unamortized gain on refunding of debt	-	182,630	182,630
OPEB related items	738,948	93,849	832,797
Pension related items	6,662,272	1,717,000	8,379,272
Total deferred inflows	7,401,220	1,993,479	9,394,699
NET POSITION			
Net investment in capital assets	621,163,386	125,804,711	746,968,097
Restricted for:			
Public safety	1,738,886	-	1,738,886
Public right of way	11,502,226	-	11,502,226
Drainage	273,269	-	273,269
Community planning and development	51,566,707	-	51,566,707
Community services	4,681,798	-	4,681,798
Municipal support and services	56,758	-	56,758
Unrestricted	(104,975,566)	32,484,958	(72,490,608)
Total net position	\$ 586,007,464	\$ 158,289,669	\$ 744,297,133

The notes to basic financial statements are an integral part of this statement.

**CITY OF GARDEN GROVE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
Fire	\$ 27,053,337	\$ 1,329,192	\$ 357,578
Police	62,964,592	3,292,654	6,438,043
Traffic safety	5,214,070	1,350,215	120,000
Public right of way	19,108,419	450,409	11,763,519
Drainage	1,463,733	-	-
Community buildings	4,551,599	509,942	38,396
Community services	5,684,239	1,446,275	-
Economic development	3,235,165	-	97,950
Parks and greenbelts	2,367,299	677,927	323,437
Community planning and development	8,235,280	4,359,845	1,264,556
Municipal support	10,811,607	3,645,600	1,256,435
Interest on long term debt	1,049,082	-	-
Total governmental activities	<u>151,738,422</u>	<u>17,062,059</u>	<u>21,659,914</u>
Business-type activities:			
Water utility	34,061,934	36,965,863	-
Sewage collection	7,783,266	10,782,061	-
Solid waste disposal	1,770,567	3,219,684	-
Housing authority	<u>34,217,849</u>	<u>-</u>	<u>34,417,129</u>
Total business-type activities	<u>77,833,616</u>	<u>50,967,608</u>	<u>34,417,129</u>
Total	\$ 229,572,038	\$ 68,029,667	\$ 56,077,043

General revenues:

Taxes:

Sales taxes
Property taxes, levied for general purposes
Franchise taxes
Business operation taxes
Transient occupancy taxes
Motor vehicle taxes, unrestricted
Investment income
Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated (Note 17)

Net position, end of year

The notes to basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ -	\$ (25,366,567)	\$ -	\$ (25,366,567)
135,850	(53,098,045)	-	(53,098,045)
1,059,855	(2,684,000)	-	(2,684,000)
-	(6,894,491)	-	(6,894,491)
73,795	(1,389,938)	-	(1,389,938)
-	(4,003,261)	-	(4,003,261)
23,473	(4,214,491)	-	(4,214,491)
-	(3,137,215)	-	(3,137,215)
2,446,299	1,080,364	-	1,080,364
-	(2,610,879)	-	(2,610,879)
-	(5,909,572)	-	(5,909,572)
-	(1,049,082)	-	(1,049,082)
<u>3,739,272</u>	<u>(109,277,177)</u>	<u>-</u>	<u>(109,277,177)</u>
-	-	2,903,929	2,903,929
-	-	2,998,795	2,998,795
-	-	1,449,117	1,449,117
-	-	199,280	199,280
-	-	<u>7,551,121</u>	<u>7,551,121</u>
<u>\$ 3,739,272</u>	<u>(109,277,177)</u>	<u>7,551,121</u>	<u>(101,726,056)</u>
	24,612,288	-	24,612,288
	49,355,823	-	49,355,823
	2,404,867	-	2,404,867
	5,945,451	-	5,945,451
	26,285,461	-	26,285,461
	84,911	-	84,911
	7,665,971	1,916,528	9,582,499
	765,803	190,855	956,658
	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>-</u>
	<u>118,120,575</u>	<u>1,107,383</u>	<u>119,227,958</u>
	8,843,398	8,658,504	17,501,902
	<u>577,164,066</u>	<u>149,631,165</u>	<u>726,795,231</u>
	<u>\$ 586,007,464</u>	<u>\$ 158,289,669</u>	<u>\$ 744,297,133</u>

**CITY OF GARDEN GROVE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

		Housing Successor		
	General	Agency	Nonmajor	Total
	Fund	Capital Project	Governmental	Governmental
	Fund	Fund	Funds	Funds
ASSETS				
Cash and cash investments	\$ 51,565,414	\$ 597,475	\$ 25,444,442	\$ 77,607,331
Cash and cash investments with fiscal agents	78	-	1,561,857	1,561,935
Taxes receivable	10,438,847	-	411,751	10,850,598
Accounts receivable	2,203,820	-	717,261	2,921,081
Interest receivable	437,287	2,700	86,339	526,326
Intergovernmental receivable	-	-	1,183,540	1,183,540
Intercity loans receivable, net	12,792,825	-	-	12,792,825
Due from Successor Agency	-	13,254,260	-	13,254,260
Deposits and prepaid items	21,505	-	4,562	26,067
Inventory	-	-	3,943	3,943
Notes receivable, net	2,296,356	5,585,663	21,510,951	29,392,970
Land held for resale	-	2,819,063	-	2,819,063
Total assets	<u>\$ 79,756,132</u>	<u>\$ 22,259,161</u>	<u>\$ 50,924,646</u>	<u>\$ 152,939,939</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,537,525	\$ 3,956	\$ 3,189,001	\$ 4,730,482
Accrued liabilities	2,118,367	3,241	980,884	3,102,492
Refundable deposits	3,558,787	-	27,469	3,586,256
Intercity loan payable	2,590,532	-	-	2,590,532
Unearned revenue	-	-	63,234	63,234
Due to other funds	1,538,097	-	1,367,588	2,905,685
Total liabilities	<u>11,343,308</u>	<u>7,197</u>	<u>5,628,176</u>	<u>16,978,681</u>
Deferred inflows of resources:				
Unavailable revenue	1,295,496	-	-	1,295,496
Total Deferred inflows	<u>1,295,496</u>	<u>-</u>	<u>-</u>	<u>1,295,496</u>
Fund balances:				
Non-Spendable:				
Intercity loan	12,792,825	-	-	12,792,825
Prepaid items	21,505	-	-	21,505
Restricted:				
Public safety	90,596	-	3,210,147	3,300,743
Public right of way	280	-	11,501,946	11,502,226
Drainage	-	-	273,269	273,269
Community planning and development	3,469,026	22,251,964	25,845,717	51,566,707
Community services	176,535	-	4,505,263	4,681,798
Municipal support and services	56,758	-	-	56,758
Assigned:				
Post-employment benefits	1,000,000	-	-	1,000,000
Property tax lawsuit	500,000	-	-	500,000
Building improvements	1,300,000	-	-	1,300,000
General plan	261,619	-	-	261,619
Unassigned	47,448,184	-	(39,872)	47,408,312
Total fund balances	<u>67,117,328</u>	<u>22,251,964</u>	<u>45,296,470</u>	<u>134,665,762</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 79,756,132</u>	<u>\$ 22,259,161</u>	<u>\$ 50,924,646</u>	<u>\$ 152,939,939</u>

The notes to basic financial statements are an integral part of this statement.

CITY OF GARDEN GROVE
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds (page 26)	\$ 134,665,762
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Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.

Capital assets	958,157,927
Accumulated depreciation	(326,815,897)

Certain notes, grants, and accounts receivables are not available to pay for current period expenditures, and therefore are offset by deferred inflows of resources in the governmental funds.	1,295,496
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Internal service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	63,758,218
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The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt and related items.

Bonds payable	(22,725,921)
Bond premium	(1,395,394)
Capital lease payable	(35,582)
Prepaid bond issuance costs	107,605
Accrued interest payable	(346,851)

The OPEB liability is not due and payable in the current period and, therefore, is not reported in the balance sheet of the governmental funds. Also, deferred inflows and outflows of resources related to OPEB costs are deferred and amortized in the statement of activities. This amount is the net effect of the treatment of OPEB liability and deferred outflows of resources from OPEB contributions.	(15,845,888)
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The pension liability is not due and payable in the current period and, therefore, is not reported in the balance sheet of the governmental funds. Also, deferred inflows and outflows of resources related to pension costs are deferred and amortized in the statement of activities. This amount is the net effect of the treatment of net pension liability, deferred outflows of resources from pension contributions and deferred inflows of resources for the net difference between projected and actual earnings on pension plan investments.	(204,812,011)
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Net position of governmental activities	\$ 586,007,464
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The notes to basic financial statements are an integral part of this statement.

CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

		Housing Successor		
	General	Agency	Nonmajor	Total
	Fund	Capital Project	Governmental	Governmental
	Fund	Fund	Funds	Funds
REVENUES:				
Taxes	\$ 110,241,920	\$ -	\$ 3,836,273	\$ 114,078,193
Licenses and permits	2,565,448	-	79,860	2,645,308
Fines, forfeits and penalties	1,644,738	-	1,205,573	2,850,311
Investment earnings	3,415,620	132,893	795,065	4,343,578
Charges for current services	7,922,150	-	7,199,643	15,121,793
From other agencies	207,216	-	13,392,242	13,599,458
Other revenues	3,841,818	14,332	83,457	3,939,607
Total revenues	<u>129,838,910</u>	<u>147,225</u>	<u>26,592,113</u>	<u>156,578,248</u>
EXPENDITURES:				
Current:				
Fire	24,308,795	-	174,621	24,483,416
Police	54,851,012	-	1,430,779	56,281,791
Traffic safety	2,174,167	-	2,107,608	4,281,775
Public right of way	4,560,491	-	2,546,524	7,107,015
Community buildings	3,006,914	-	-	3,006,914
Community services	2,734,079	-	2,121,269	4,855,348
Economic development	884,492	-	2,327,921	3,212,413
Parks and greenbelts	1,200,071	-	1,099,723	2,299,794
Community planning and development	5,789,426	151,528	1,183,092	7,124,046
Municipal support	8,210,024	61,214	1,081,357	9,352,595
Capital outlay:				
Fire	-	-	2,254,150	2,254,150
Police	165,015	-	435,508	600,523
Traffic safety	-	-	411,957	411,957
Public right of way	308,067	-	6,747,442	7,055,509
Drainage	-	-	3,812	3,812
Community buildings	2,846,439	-	107,486	2,953,925
Parks and greenbelts	-	-	354,850	354,850
Debt service:				
Principal retirement	579,874	-	-	579,874
Interest	1,064,018	-	-	1,064,018
Total expenditures	<u>112,682,884</u>	<u>212,742</u>	<u>24,388,099</u>	<u>137,283,725</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,156,026</u>	<u>(65,517)</u>	<u>2,204,014</u>	<u>19,294,523</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	848,117	-	554,862	1,402,979
Transfers out	(554,862)	-	(748,117)	(1,302,979)
Total other financing sources (uses)	<u>293,255</u>	<u>-</u>	<u>(193,255)</u>	<u>100,000</u>
Net change in fund balances	17,449,281	(65,517)	2,010,759	19,394,523
Fund balances, beginning of year, as restated (Note 17)	<u>49,668,047</u>	<u>22,317,481</u>	<u>43,285,711</u>	<u>115,271,239</u>
Fund balances, end of year	<u>\$ 67,117,328</u>	<u>\$ 22,251,964</u>	<u>\$ 45,296,470</u>	<u>\$ 134,665,762</u>

The notes to basic financial statements are an integral part of this statement.

CITY OF GARDEN GROVE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 28)	\$ 19,394,523
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expenses exceeded capital outlays in the current period.

Capital outlay	13,441,252
Depreciation expense	(13,879,024)
Disposition of capital assets	(54,626)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond principal payment	450,000
Capital lease principal payments	106,143
Change in accrued interest	6,112
Other debt related items	72,997

Some revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(299,256)
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Internal service funds are used by management to charge the costs of certain activities, such as workers compensation, fleet management, employee benefits, telephones, information systems, risk management and warehouse operations to individual funds. The net expenses of these internal service funds are reported with governmental activities.	(146,733)
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OPEB costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(682,634)
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Pension costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(9,565,356)
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Change in net position of governmental activities	\$ 8,843,398
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The notes to basic financial statements are an integral part of this statement.

**CITY OF GARDEN GROVE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility	Sewage Collection	Solid Waste Disposal	Housing Authority	Total	
ASSETS						
Current Assets:						
Cash and cash investments	\$ 23,073,597	\$ 40,985,729	\$ 7,818,124	\$ 411,155	\$ 72,288,605	\$ 104,220,765
Cash and cash investments with fiscal agents	701,167	-	-	-	701,167	-
Taxes receivable	-	31,601	30,787	-	62,388	-
Accounts receivable	6,057,923	1,219,767	187,054	11,224	7,475,968	79,853
Interest receivable	102,671	180,422	33,810	-	316,903	361,845
Due from other funds	-	-	-	-	-	3,104,329
Intergovernmental receivable	-	-	-	2,700	2,700	-
Inventory	-	-	-	-	-	473,757
Prepaid items	300	300	-	5,568	6,168	773,851
Total current assets	29,935,658	42,417,819	8,069,775	430,647	80,853,899	109,014,400
Noncurrent assets:						
Deposits	-	-	-	13,319	13,319	1,720
Intercity loans receivable, net	-	-	-	-	-	5,394,074
Notes receivable	-	5,393	-	-	5,393	-
Capital assets:						
Land	1,471,805	537,984	-	-	2,009,789	-
Construction in progress	2,698,782	1,067,384	-	-	3,766,166	163,544
Depreciable capital assets, net	88,118,145	63,943,297	-	-	152,061,442	12,814,658
Total noncurrent assets	92,288,732	65,554,058	-	13,319	157,856,109	18,373,996
Total assets	122,224,390	107,971,877	8,069,775	443,966	238,710,008	127,388,396
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized loss on refunding of debt	66,812	-	-	-	66,812	-
OPEB related items	31,220	7,677	3,583	10,236	52,716	15,866
Pension related items	2,513,150	1,171,347	227,277	939,698	4,851,472	1,219,424
Total deferred outflows	2,611,182	1,179,024	230,860	949,934	4,971,000	1,235,290
LIABILITIES						
Current Liabilities:						
Accounts payable	6,851,845	308,909	31,974	11,582	7,204,310	1,011,077
Accrued liabilities	301,920	74,589	249,845	89,323	715,677	558,078
Refundable deposits	507,665	-	-	227,442	735,107	-
Interest payable	31,343	26,641	-	-	57,984	57
Due to other funds	123,525	64,394	10,725	-	198,644	-
Current portion of long-term obligations						
Capital leases	-	-	-	-	-	111,607
Accrued compensated absences	-	-	-	-	-	6,576,977
Claims payable	-	-	-	-	-	8,124,441
Long-term debt	1,713,230	627,456	-	-	2,340,686	-
Total current liabilities	9,529,528	1,101,989	292,544	328,347	11,252,408	16,382,237
Noncurrent liabilities:						
Noncurrent portion of long-term obligations:						
Capital leases	-	-	-	-	-	225,207
Accrued compensated absences	-	-	-	-	-	571,911
Claims payable	-	-	-	-	-	33,258,000
Intercity loans payable	12,792,825	-	-	-	12,792,825	2,803,542
Long-term debt	14,667,922	14,908,260	-	-	29,576,182	-
Net pension liability	15,843,535	7,384,465	1,432,807	5,924,104	30,584,911	7,687,559
OPEB liability	1,214,869	298,738	139,412	398,318	2,051,337	617,392
Total noncurrent liabilities	44,519,151	22,591,463	1,572,219	6,322,422	75,005,255	45,163,611
Total liabilities	54,048,679	23,693,452	1,864,763	6,650,769	86,257,663	61,545,848
DEFERRED INFLOWS OF RESOURCES						
Unamortized gain on refunding of debt	-	182,630	-	-	182,630	-
OPEB related items	55,581	13,667	6,378	18,223	93,849	28,246
Pension related items	889,437	414,555	80,436	332,572	1,717,000	431,571
Total deferred inflows	945,018	610,852	86,814	350,795	1,993,479	459,817
NET POSITION						
Net investment in capital assets	75,974,392	49,830,319	-	-	125,804,711	12,641,388
Unrestricted	(6,132,517)	35,016,278	6,349,058	(5,607,664)	29,625,155	53,976,633
Total net position (deficit)	\$ 69,841,875	\$ 84,846,597	\$ 6,349,058	\$ (5,607,664)	155,429,866	\$ 66,618,021
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					2,859,803	
Net position of business-type activities					\$ 158,289,669	

The notes to basic financial statements are an integral part of this statement.

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CITY OF GARDEN GROVE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
Operating revenues:		
Charges for services	\$ -	\$ -
Water sales	36,960,070	-
Section 8 grant revenue	-	-
Solid waste disposal fees	-	-
Property assessments	-	3,277,022
Sewer user fees	-	7,452,062
Other	78,634	25,771
Total operating revenues	37,038,704	10,754,855
Operating expenses:		
Salaries and wages	6,935,573	3,417,992
Employee benefits	-	-
Contractual services	6,411,779	1,652,977
Liability claims	-	-
Materials and supplies	444,346	81,454
Water production expenses	15,099,567	-
Housing assistance payments	-	-
Depreciation and amortization	3,323,972	1,714,328
Total operating expenses	32,215,237	6,866,751
Operating income (loss)	4,823,467	3,888,104
Nonoperating revenues (expenses):		
Investment income	602,450	1,197,077
(Loss) on disposal of assets	(534,001)	(256,440)
Other nonoperating revenues	190,855	-
Interest expense	(1,312,696)	(660,075)
Total nonoperating (expenses) revenues	(1,053,392)	280,562
Income (loss) before transfers and capital contributions	3,770,075	4,168,666
Capital contributions	-	-
Transfers In	-	-
Transfers out	(500,000)	(300,000)
Change in net position	3,270,075	3,868,666
Total net position, beginning of year	66,571,800	80,977,931
Total net position, end of year	<u>\$ 69,841,875</u>	<u>\$ 84,846,597</u>

Adjustment to reflect the consolidation of internal service fund activities to enterprise funds.

Change in net position of business-type activities.

The notes to basic financial statements are an integral part of this statement.

Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Solid Waste Disposal	Housing Authority	Total	
\$ -	\$ -	\$ -	\$ 63,666,426
-	-	36,960,070	-
-	34,386,619	34,386,619	-
2,112,190	-	2,112,190	-
441,874	-	3,718,896	-
-	-	7,452,062	-
665,620	30,510	800,535	-
3,219,684	34,417,129	85,430,372	63,666,426
626,722	2,407,943	13,388,230	17,277,780
-	-	-	33,011,738
1,140,022	238,518	9,443,296	2,919,305
-	-	-	10,805,910
3,823	33,149	562,772	1,844,971
-	-	15,099,567	-
-	31,538,239	31,538,239	-
-	-	5,038,300	1,564,083
1,770,567	34,217,849	75,070,404	67,423,787
1,449,117	199,280	10,359,968	(3,757,361)
116,622	379	1,916,528	3,231,596
-	-	(790,441)	(565,669)
-	-	190,855	-
-	-	(1,972,771)	(40,442)
116,622	379	(655,829)	2,625,485
1,565,739	199,659	9,704,139	(1,131,876)
-	-	-	39,508
-	-	-	1,000,000
(200,000)	-	(1,000,000)	(100,000)
1,365,739	199,659	8,704,139	(192,368)
4,983,319	(5,807,323)		66,810,389
\$ 6,349,058	\$ (5,607,664)		\$ 66,618,021
		(45,635)	
		\$ 8,658,504	

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and user departments	\$ 36,518,993	\$ 11,592,577
Payments to suppliers	(18,159,520)	(2,539,452)
Payments to employees	(6,490,242)	(3,276,031)
Payments for employee benefits	-	-
Net cash provided by operating activities	11,869,231	5,777,094
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from other funds	-	-
Cash paid to other funds	(500,000)	(300,000)
Net cash (used) by noncapital financing activities	(500,000)	(300,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(7,196,209)	(2,343,426)
Proceeds of sale of capital assets	-	-
Principal paid on capital debt	(2,263,170)	(540,000)
Interest paid on capital debt	(1,150,855)	(660,975)
Net cash (used) by capital and related financing activities	(10,610,234)	(3,544,401)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	352,246	618,882
Increase in fair value of investments	244,131	567,163
Net cash provided by investing activities	596,377	1,186,045
Net increase (decrease) in cash and cash equivalents	1,355,374	3,118,738
Cash and cash equivalents, beginning of year	22,419,390	37,866,991
Cash and cash equivalents, end of year	\$ 23,774,764	\$ 40,985,729

The notes to basic financial statements are an integral part of this statement.

Business-Type Activities - Enterprise Funds			Governmental Activities -
Solid Waste Disposal	Housing Authority	Total	Internal Service Funds
\$ 5,217,931	\$ 34,560,879	\$ 87,890,380	\$ 59,005,632
(3,042,657)	(31,739,890)	(55,481,519)	(11,023,356)
(592,736)	(2,282,074)	(12,641,083)	(17,516,205)
-	-	-	(28,968,549)
1,582,538	538,915	19,767,778	1,497,522
-	-	-	3,078,336
(200,000)	(336,468)	(1,336,468)	(6,260,195)
(200,000)	(336,468)	(1,336,468)	(3,181,859)
-	-	(9,539,635)	(2,649,280)
-	-	-	73,094
-	-	(2,803,170)	(110,754)
-	-	(1,811,830)	(2,705)
-	-	(14,154,635)	(2,689,645)
111,210	379	1,082,717	1,347,575
-	-	811,294	1,810,360
111,210	379	1,894,011	3,157,935
1,493,748	202,826	6,170,686	(1,216,047)
6,324,376	208,329	66,819,086	105,436,812
\$ 7,818,124	\$ 411,155	\$ 72,989,772	\$ 104,220,765

(continued)

**CITY OF GARDEN GROVE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds	
	Water Utility	Sewage Collection
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 4,823,467	\$ 3,888,104
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	3,323,972	1,714,328
Other nonoperating revenues (expenses)	27,093	-
Decrease (increase) in taxes receivable	-	(1,261)
Decrease (increase) in accounts receivable	(740,057)	(48,283)
Decrease (increase) in intergovernmental receivable	-	-
Decrease (increase) in notes receivable	-	710
Decrease (increase) in inventory	-	-
Decrease (increase) in prepaid expenses	(300)	(300)
Increase (decrease) in accounts payable	2,645,843	(416,782)
Increase (decrease) in accrued compensated absences	-	-
Increase (decrease) in accrued liabilities	263,798	30,518
Increase (decrease) in refundable deposits	23,185	-
Increase (decrease) in other current liabilities	-	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in OPEB liability and related changes in deferred outflows and inflows of resources	53,386	13,127
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	1,448,844	596,933
Total adjustments	7,045,764	1,888,990
Net cash provided by operating activities	\$ 11,869,231	\$ 5,777,094

The notes to basic financial statements are an integral part of this statement.

Business-Type Activities - Enterprise Funds			Governmental Activities-
Solid Waste Disposal	Housing Authority	Total	Internal Service Funds
<u>\$ 1,449,117</u>	<u>\$ 199,280</u>	<u>\$ 10,359,968</u>	<u>\$ (3,757,361)</u>
-	-	5,038,300	1,564,083
-	-	27,093	-
(525)	-	(1,786)	-
(32,628)	(7,012)	(827,980)	(92,058)
-	5,483	5,483	-
-	-	710	-
-	-	-	(68,395)
-	(496)	(1,096)	(322,926)
(48,973)	(8,048)	2,172,040	(117,526)
-	-	-	(442,119)
25,220	34,903	354,439	181,606
-	65,067	88,252	(1,453)
167,449	-	167,449	-
-	-	-	4,004,441
6,126	17,502	90,141	27,131
16,752	232,236	2,294,765	522,099
<u>133,421</u>	<u>339,635</u>	<u>9,407,810</u>	<u>5,254,883</u>
<u>\$ 1,582,538</u>	<u>\$ 538,915</u>	<u>\$ 19,767,778</u>	<u>\$ 1,497,522</u>

**CITY OF GARDEN GROVE
STATEMENT OF FIDUCIARY NET POSITION
CITY OF GARDEN GROVE AS SUCCESSOR AGENCY
TO THE GARDEN GROVE REDEVELOPMENT AGENCY
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2019**

ASSETS

Current assets:

Cash and cash investments	\$ 17,362,024
Cash and cash investments with fiscal agents	7,785,576
Accounts receivable	10,212
Interest receivable	128,253
Total current assets	<u>25,286,065</u>

Noncurrent assets:

Prepaid bond insurance costs	549,404
Land held for resale	25,249,639
Total noncurrent assets	<u>25,799,043</u>

Total assets	<u>51,085,108</u>
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DEFERRED OUTFLOWS OF RESOURCES

Unamortized loss on refunding of debt	<u>354,610</u>
Total deferred outflows	<u>354,610</u>

LIABILITIES

Current liabilities:

Accounts payable	400,192
Accrued liabilities	51,230
Interest payable	743,425
Current portion of long-term obligations	7,133,224
Total current liabilities	<u>8,328,071</u>

Noncurrent liabilities:

Noncurrent portion of long-term obligations:	
Long-term debt	82,565,680
Total noncurrent liabilities	<u>82,565,680</u>

Total liabilities	<u>90,893,751</u>
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NET POSITION

Held in trust for redevelopment dissolution	<u><u>\$ (39,454,033)</u></u>
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The notes to basic financial statements are an integral part of this statement.

**CITY OF GARDEN GROVE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CITY OF GARDEN GROVE AS SUCCESSOR AGENCY
TO THE GARDEN GROVE REDEVELOPMENT AGENCY
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

ADDITIONS

Taxes	\$ 17,445,206
Investment earnings	320,935
Other revenues	114,800
Total additions	<u>17,880,941</u>

DEDUCTIONS

Program expenses	573,654
Administrative expenses	559,388
Interest and fiscal agency expenses	3,179,576
Loss on asset disposal	1,261,387
Total deductions	<u>5,574,005</u>

CHANGE IN NET POSITION 12,306,936

NET POSITION, BEGINNING OF YEAR (51,760,969)

NET POSITION, END OF YEAR \$ (39,454,033)

The notes to basic financial statements are an integral part of this statement.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Garden Grove (the "City") was incorporated June 18, 1956 as a general law full service city. The City operates under a council-manager form of government and provides the following services: public safety (police, fire, and paramedics), highways and streets, social services, culture and recreation, parks, planning, zoning, housing, water, solid waste collection and disposal, sewage services and general administration. On May 10, 2016, the City of Garden Grove adopted Ordinance No. 2866 changing the City's current at-large system of electing City Council Members to a by-district system took effect in fiscal year 2016-2017. The Mayor is elected at-large. City Council members are elected by six districts, and he or she must reside within the designated district boundary.

1. Reporting Entity

Accounting principles, generally accepted in the United States of America, require that these financial statements present the City (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (e.g. the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The component units discussed in this note are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended component units:

- a.** The Garden Grove Housing Authority (the "Housing Authority") was established in October 1975, pursuant to the provisions of the Housing and Community Development Act of 1974 and is reported as an enterprise fund as if it were part of the primary government because the governing board is comprised of the City Council, although acting in a different capacity, and two Housing Authority tenants. The Housing Authority governing board approves the Housing Authority budget and the City provides staffing.
- b.** The Garden Grove Sanitary District (the "Sanitary District") began its operations in 1924 as a special district operating under the authority of the State of California. The Health and Safety Code of California (the Sanitary District Act of 1923) is the governing law. The Garden Grove Sanitary District provides the City of Garden Grove, a portion of the City of Santa Ana and County of Orange unincorporated areas with sewer maintenance services including cleaning of sewage collection lines, inspection of sewage lines built within the district by developers. Garden Grove has an agreement with Republic Services to provide an exclusive franchise for Solid Waste Handling Services for residents and commercial establishments within the Garden Grove Sanitary District. The district became a subsidiary district and component unit of the City of Garden Grove on May 30, 1997. The Sanitary District is reported as two enterprise funds, the Sewage Collection enterprise fund and Solid Waste Disposal enterprise fund as if it were part of the primary government because the City Council, although acting in a different capacity, is the governing board. Council members approve the Sanitary District budget and the City provides staffing.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting Entity (continued)

- c. The Garden Grove Public Financing Authority (the "Authority") was established on June 22, 1993 as a joint powers agency organized under the laws of the State of California. The Authority was formed to assist in the financing of public and capital improvements. The Authority's financial data and transactions are included within enterprise funds. The Authority is administered by the Board who are the members of the City Council and the Mayor. Council members approve the Authority budget and the City provides staffing.

Separate reports are not issued for the Garden Grove Housing Authority, the Garden Grove Sanitary District, or the Garden Grove Public Financing Authority.

All components of the reporting entity are reported on a July 1 through June 30 fiscal year.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions that are restricted to meeting the operational requirement of a particular function or segment, and 3) capital grants and contributions that are restricted to meeting the capital requirement of a particular function or segment and other miscellaneous revenues that directly benefit a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and the fiduciary fund. Major governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Grant funds received before the revenue recognition criteria have been met are reported as unearned revenues.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as in accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise taxes, licenses, revenues from other agencies and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

Housing Successor Agency Capital Project Fund

Capital projects for low and moderate income housing are accounted for in this fund.

Water Utility Fund

The purpose of this fund is to account for the City's water system. Resources of the fund are applied to construction, operation, maintenance and debt service obligations of the water system. Financing is provided by revenue of the water utility.

Sewage Collection Fund

The Garden Grove Sanitary District comprises two funds, the Sewage Collection fund and the Solid Waste Disposal fund. Resources of the Sewage Collection fund are applied to the operation and maintenance of the City's sewer system.

Solid Waste Disposal Fund

The Garden Grove Sanitary District comprises two funds, the Sewage Collection fund and the Solid Waste Disposal fund. The Solid Waste Disposal fund accounts for the operation of trash and solid waste collections and disposal services.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)**

Housing Authority Fund

The Housing Authority fund accounts for revenues and expenses pertaining to the Federal Section 8 Housing Program.

Additionally, the City reports the following fund types:

Internal Service Funds

The internal service funds account for workers' compensation, fleet management, employee benefits, information systems, warehouse operations, telephone system, risk management, and communication replacement services provided to City departments on a cost reimbursement basis.

Private-Purpose Trust Fund

The Private-Purpose Trust Fund accounts for the custodial responsibilities that are assigned to the Successor Agency pursuant to the Dissolution Act.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the function concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) fines, forfeitures and penalties; 3) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function; and 4) other miscellaneous revenues that directly benefit a particular function and do not fit into any other category. General revenues include all taxes, investment income, and gain on sale of assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance

a. Deposits and Investments

The City pools idle cash from all funds in order to maximize income from investment activities. Investments are recorded on the City's books at fair value (quoted market price or best available estimate thereof). Interest income on investments is allocated to individual funds on the basis of monthly cash and investment balances except for the Employee Benefits, Warehouse Operations, and Telephone System Internal Service Funds by management decision.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter fund loans) or "intercity loan receivable/payable" (i.e., the non-current portion of inter fund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Intercity loans receivable, as reported in the fund financial statements, are offset by a non-spendable fund balance in applicable governmental funds to indicate that they are not in spendable form.

Utility accounts are billed on a bi-monthly basis. Receivables for water and sewer are recorded when consumption is billed. Unbilled receivables are recorded at fiscal year-end to adjust for the billing cycle and are included as accounts receivable in the Water and Sewer funds. Sanitary refuse collection accounts are billed quarterly by the refuse hauler and payments are received by the refuse hauler.

c. Taxes Receivable

Property taxes in California are levied in accordance with Article 13A of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to appropriate units of local government. A voter-approved property tax of eight cents per hundred dollars actual value is levied against all property in the City for the purpose of providing emergency medical services. Furthermore, the voters approved a one-cent sale tax measure that commits 100% of the revenue to the City.

In the governmental fund statements, property tax revenue is recognized in the fiscal year for which taxes have been levied, provided that the revenue is collected in the current period or will be collected within 60 days thereafter.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

c. Taxes Receivable (continued)

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 1 Second Installment - February 1
Delinquent Date:	First Installment - After December 10 Second Installment - After April 10

Taxes are collected by Orange County, and are remitted to the City periodically as follows (dates and percentages may vary slightly from year to year):

October 26, 2018	7% - 10%
November 16, 2018	5% - 10%
December 11, 2018	30% - 35%
December 28, 2018	1% - 5%
February 22, 2019	5% - 7%
April 11, 2019	30% - 35%
May 10, 2019	1% - 5%
June 30, 2019	1% - 2% (Collections through June 30)

d. Inventory, Prepaid Items, and Land Held for Resale

Inventory is valued at cost using the first in, first out (FIFO) method. Inventory in the proprietary funds consists of expendable supplies held for future consumption. The cost is recorded as an expense as inventory items are consumed.

Land held for resale is valued at lower of cost or estimated net realizable value, determined upon execution of a disposition and development agreement, at June 30, 2019 and is located in the Housing Successor Agency Capital Projects Fund and the Successor Agency Trust Fund.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

e. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, medians, traffic signals, storm drains) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund and fiduciary fund financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are capitalized at cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

e. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to the implementation GASB 89, the net interest cost incurred in the financing of projects during the construction period was only capitalized in the enterprise funds. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds of tax-exempt debt over the same period.

Plant, infrastructure, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	20
Street infrastructure	
Pavement	30
Curbs & gutters	50
Sidewalks	50
Medians	50
Traffic signals	20
Walls	50
Driveways	50
Storm drain infrastructure	50
Water infrastructure	
Fire hydrants	45
Pump stations	10
Reservoirs	65
Water mains	77
Water meters	25
Water pumps & meters	20
Wells	40
Sewer infrastructure	60
Vehicles	3-20
Furniture and Equipment	10

f. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three types of items that qualify for reporting in this category. Two of the items are the deferred charge from pension related items and deferred charges related to OPEB. The other item is the unamortized loss on refunding of debt which are reported in the government-wide statement of net position and proprietary funds' statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

f. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of net position or balance sheet of governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items which qualify for reporting in this category. Two of the items, are deferred items from pension related items and deferred charges related to OPEB. The third item, unamortized gain on refunding of debt, are presented on the government-wide statement of net position and on the proprietary funds' statement of net position. The fourth item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from notes, accounts, and grant receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

g. Accrued Compensated Absences

The City accounts for compensated absences (unpaid vacation, annual leave, comp time and sick leave) in an internal service (Employee Benefits) fund. A calculated fringe benefit rate, which includes accrued compensated absences, is applied to all labor charges. The resulting funds are deposited into the Employee Benefits internal service fund and are set aside for corresponding liabilities.

h. Long Term Obligation

In the government-wide financial statements, proprietary fund and fiduciary fund types in the fund financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund and fiduciary fund type statements of net position. Bond premiums and discounts, as well as prepaid insurance costs related to bond issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Prepaid insurance costs related to bond issuance costs are reported as prepaid insurance costs and amortized over the term of the related debt.

i. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

i. Fair Value Measurements (continued)

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive; inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

j. Classification of Net Position and Fund Balances

1. Government-wide Financial Statements

In the government-wide financial statements, net position is classified in the following categories:

- Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation on these assets and the outstanding principal of related debt reduce this category.
- Restricted Net Position – This category consists of restricted assets reduced by liabilities related to those assets.
- Unrestricted Net Position – This category represents the net position of the City that are not externally restricted for any project or other purpose.

Restricted resources are used first to fund appropriations.

2. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2019, fund balance for governmental funds are made up of the followings:

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

j. Classification of Net Position and Fund Balances (continued)

2. Fund Balances (continued)

- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action via an ordinance that imposed the constraint originally.
- Assigned Fund Balance – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

k. Estimates

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

l. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, Liabilities, and Net Position or Fund Balance (continued)

l. Pensions (continued)

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframe. For this report, the following timeframes are used.

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 - June 30, 2018

m. Other Post-Employment Benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 - June 30, 2018

B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary Information

Under Article XIII B of the California Constitution (the GANN Spending Limitation initiative), the City is restricted as to the amount of annual appropriations, and if certain proceeds of taxes exceed allowed appropriations, the excess must be refunded to the taxpayers either through revised tax rates or revised fee schedules.

The City budget report is prepared under the direction of the City Manager in accordance with generally accepted accounting principles (GAAP) and the requirements of Municipal Code Section 2.08.150. Annual budgets are legally adopted for the general fund, special revenue funds, and capital projects funds. These funds are budgeted based on the modified accrual basis of accounting and include proposed expenditures and the means of financing them. The City Council approves the total budgeted appropriations and any amendments to total appropriations which may be required during the year. Revenues are budgeted by source, and expenditures are budgeted by program.

The legal level of budgetary control is considered to be at the fund level since management can reassign resources within a fund without special approval from City Council. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions which alter the total appropriations of any fund must be approved by City Council.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

2. Deficit Fund Balance

The following funds had a deficit at June 30, 2019:

Fund	Type of Fund	Deficit Fund Balance
Housing Authority	Enterprise	\$ (5,607,664)
Information Systems	Internal Service	\$ (1,099,263)
Successor Redevelopment Agency	Fiduciary	\$ (39,454,033)
Self Supporting Revenue	Nonmajor Governmental Fund	\$ (140)
Garden Grove Cable	Nonmajor Governmental Fund	\$ (39,732)

The Housing Authority fund, an enterprise fund, has a deficit fund balance of \$5,607,664. The deficit is due to prior period costs related to the revised allocation of the net pension liability in accordance with GASB 68 and due to prior period costs related to the revised allocation of the OPEB liability in accordance with GASB 75. Until Section 8 administrative revenue granted to the Housing Authority from the Department of Housing and Urban Development increases to enable the Housing Authority to pay down its pension and OPEB liability, there will continue to be a deficit in the Housing Authority Fund.

The Information Systems fund, an internal service fund, has a deficit fund balance of \$1,099,263. The deficit is related to costs from the implementation of GASB 68 and GASB 75.

The City of Garden Grove as Successor Agency to the Garden Grove Redevelopment Agency Private Purpose Trust Fund (Successor Agency), a fiduciary fund, has a deficit balance of \$39,454,033. The deficit is due to covenant obligations pursuant to developer disposition agreements and Education Revenue Augmentation Fund and Supplemental Education Revenue Augmentation Fund payables to the Housing Successor Agency.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (RPTTF) for each Successor Agency. The deposit in the RPTTF is used to pay Successor Agency obligations. It is expected that this deficit will be eliminated with future resources obtained from the RPTTF.

The Self Supporting special revenue fund is funded primarily by user charges. In order to offer City recreation programs to all residents, certain program fees are not set at a full recovery rate. The deficit is supplemented by the General Fund, on a cash basis. The year-end accrual amount exceeded the General Fund supplement, and resulted in a temporary deficit fund balance position of \$140.

The Garden Grove Cable special revenue fund is funded primarily by the General Fund, for the purpose of community outreach. The year-end accrual amount exceeded the General Fund supplement, and resulted in a temporary deficit fund balance position of \$39,732.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of net position	
City of Garden Grove	
Cash and investments	\$ 254,116,701
Cash and investments with fiscal agent	<u>2,263,102</u>
	<u>256,379,803</u>
Successor Agency (Private Purpose Trust Fund)	
Cash and investments	17,362,024
Cash and investments with fiscal agent	<u>7,785,576</u>
	<u>25,147,600</u>
 Total Cash and Investment	 <u>\$ 281,527,403</u>
 Cash on hand	 \$ 44,930
Deposits with financial institutions	20,266,838
Investments	<u>261,215,635</u>
 Total Cash and Investment	 <u>\$ 281,527,403</u>

Investments Authorized by the City's Investment Policy

The following table identifies the investment types that are authorized by the California Government Code and the City's investment policy. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provision of the Government Code and City's investment policy.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio*	Maximum Investment in One Issuer
Securities of the U.S. Government or its Agencies	5 years	None	None
Federal Home Loan Bank (FHLB)	5 years	None	None
Federal National Mortgage Association (FNMA)	5 years	None	None
Federal Farm Credit Bank (FFCB)	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Certificates of Deposits (CD)	N/A	30%	5%
Bankers Acceptances	180 days	30%	10%
Negotiated Certificates of Deposit	N/A	30%	5%
Commercial Paper	10 days **	15% **	10%
Medium Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Mortgage-backed Securities	5 years	20%	None
Repurchase Agreement (Overnight)	30 days **	None	None
Passbook Savings Account	N/A	None	None

*Excluding amounts held by bond trustee that are not subject to City's investment policy

** Represents where the City's investment policy is more restrictive than the California Government Code

Investments Authorized by the Debt Agreements

Provisions of the debt agreements, rather than the City's investment policy, govern investment of debt proceeds held by bond trustee. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
U.S Treasury	None	None	None
Money Market Funds	N/A	None	None
Investment Contracts	30 years	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

Authorized Investment Type	Amount	Weighted Average
U.S. Treasury	\$ 46,471,080	1.77
U.S. Agency Securities		
FHLB	58,108,480	2.54
FFCB	50,193,675	2.51
FNMA	35,900,150	1.29
FHLMC	3,029,820	3.13
Local Agency Investment Fund (LAIF)	57,463,750	0.50
Held by fiscal Agent:		
Money Market Funds	10,048,680	0.50
Total	<u>\$ 261,215,635</u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type. The column marked "Exempt From Disclosure" identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

Investment Type	Amount	Minimum Legal Rating	Exempt from Disclosure	Ratings as of Year End	
				AAA	Not Rated
U.S. Treasury	\$ 46,471,080	N/A	\$ 46,471,080	\$ -	\$ -
U.S. Agency Securities					
FHLB	58,108,480	N/A	-	58,108,480	-
FFCB	50,193,675	N/A	-	50,193,675	-
FNMA	35,900,150	N/A	-	35,900,150	-
FHLMC	3,029,820	N/A	-	3,029,820	-
Local Agency Investment Fund (LAIF)	57,463,750	N/A	-	-	57,463,750
Held by fiscal agent:					
Money Market Fund	10,048,680	AAA	-	10,048,680	-
Total	<u>\$ 261,215,635</u>		<u>\$ 46,471,080</u>	<u>\$ 157,280,805</u>	<u>\$ 57,463,750</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Investment Amount</u>
FHLB	U.S. Agency Securities	\$ 58,108,480
FFCB	U.S. Agency Securities	50,193,675
FNMA	U.S. Agency Securities	35,900,150

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

1. Cash and Investments (continued)

Callable Step-Up Agency Security

The City purchased a \$3 million structured note on August 3, 2016. The note matures on August 24, 2021. The semiannual coupon steps up from .5% to 1.5%. At June 30, 2019, the note had a fair value of \$2,999,661.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total amount invested by all public agencies in LAIF as of June 30, 2019 was \$24.6 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2019 had a balance of \$105.7 billion.

Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active markets; Level 3 inputs are significant unobservable inputs.

Investment Type	Total	Quoted Process in Active Markets for Identical Assets (Level 1)	Ratings as of Year End	
			Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury	\$ 46,471,080	\$ 46,471,080	\$ -	\$ -
U.S. Agency Securities				
FHLB	58,108,480	-	58,108,480	-
FFCB	50,193,675	-	50,193,675	-
FNMA	35,900,150	-	35,900,150	-
FHLMC	3,029,820	-	3,029,820	-
Total	<u>\$ 193,703,205</u>	<u>\$ 46,471,080</u>	<u>\$ 147,232,125</u>	<u>\$ -</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

2. Intercity Loans Receivable/Payable at June 30, 2019 consisted of the Following:

a. Loan from General fund to Water Utility fund:

On July 1, 1998, the City established an intercity loan between the General fund and Water Utility fund in the amount of \$14,145,092 for the repayment from the Water Utility fund to the General fund for street damage repairs throughout the City that have been a benefit to the Water Utility. The loan accrues interest at 4.1% per annum. Beginning July 1, 2018 monthly payments are \$100,208 which includes principal and interest to be paid thru June 2033.

\$ 12,792,825

b. Loan from General fund to the former redevelopment agency:

The General fund has loaned to the former redevelopment agency a total of \$2,863,113 to assist in funding the Agency's operating budget since 2004. The loans accrue interest at a rate of 6.5% per annum. On March 8, 2011, City Council authorized a loan amortization schedule. Principal payments ranging from \$699,984 to \$900,505 are due annually. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

2,539,990

c. Loan from General fund to former redevelopment agency:

On May 21, 1984 the City Council approved an agreement between the City and the Agency for Community Development Community Project capital projects fund wherein the Agency agreed to reimburse the City \$2,405,511, plus any accruing unpaid interest at the annual rate of 10%, for capital improvements within the Agency's redevelopment area which were initially paid for by the General fund. On March 8, 2011, the City Council authorized a loan amortization schedule. Principal payments ranging from \$761,037 to \$1,114,235 are due annually. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

3,048,030

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

2. Intercity Loans Receivable/Payable at June 30, 2019 (continued)

d. Loan from the General fund to former redevelopment agency:

On February 26, 2002 the City Council approved an agreement between the City and the Agency for Community Development Community Project capital projects fund wherein the City has agreed to advance funds to the Agency for the acquisition and development of certain property within the project areas. The advance is subject to repayment on demand and bears interest at a rate of 6.5%. The Agency is responsible for making payments on the City's \$22,735,000 Certificates of Participation Series A of 2002, (the Certificates), the proceeds of which were used to fund the advances from the City to the Agency. The Agency also reimbursed the City for the \$683,739 issuance costs related to the Certificates of Participation. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

\$ 18,970,000

e. Loan from Water Utility fund to the former redevelopment agency:

The former redevelopment agency has a loan from the Water Utility fund in the amount of \$750,000. Interest is paid monthly at an annual rate of 10% and has no fixed amortization date. In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have been invalidated. Therefore, the City has set up 100% allowance for this loan on February 1, 2012.

750,000

f. Loan from Vehicle Replacement Fund to the new Communications Replacement Fund:

On January 26, 2016 the City Council approved an agreement between the Vehicle Replacement Fund to the Communications Replacement Fund for the upgrade and purchase of communications equipment for the operation of the 800 MHZ public safety communications system. Current schedule reflects the FY15-16 debt service portfolio rate of 1.26% which will be applied to the FY16-17 debt service. The estimated average portfolio rate will be updated annually once the prior year average portfolio rate is available. The principal will be paid annually in the amount of \$400,506 plus interest. The principal may be prepaid without penalty at any time.

2,803,542

g. Loan from Risk Management Fund to the General Fund:

In July 2018, the City Council approved the General Fund to borrow \$2,850,550 from the Risk Management Fund to pay for the energy efficiency project. The amount borrowed will cover the cost of the heating , ventilation, and air conditioning systems and lighting retrofit equipment and installation. The General Fund will repay the loan over 19 years at the simple interest rate of 3.6%.

2,590,532

Total Intercity Loans Receivable

43,494,919

Less Allowance

(25,308,020)

Total Intercity Loans Receivable, net

\$ 18,186,899

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

3. Due From Successor Agency

The former Redevelopment Agency has five loans from the Low Income Housing Assets Capital Project Fund, that were used to make the fiscal year 2003-04 (\$847,149), 2004-05 (\$1,523,830), and 2005-06 (\$1,350,397) mandated Educational Revenue Augmentation Fund (ERAF) payments and "Supplemental" Educational Revenue Augmentation (SERAF) payments for the fiscal year 2009-10 (\$7,906,610) and 2010-11 (\$1,626,274). These loans were due 10 years from when the loans were originally established except for 2009-10 and 2010-11 loans which are due on May 10, 2015 and June 30, 2016, respectively. These loans which were previously invalidated, have been approved as an allowable Recognized Obligation payment by the State of California Department of Finance (DOF).

On June 12, 2018, the DOF approved the repayment of the original principal balance of \$13,254,260 based on review of the April 27, 2018 Oversight Board (OB) Resolution No. 58-18. All accrued interest was therefore denied, OB Resolution No. 58-18 establishes and approves the repayment schedule of the funds borrowed from the Low and Moderate Income Housing Fund (LMIHF) to make the ERAF and SERAF payment totaling \$3,721,376 and \$9,532,884 respectively.

\$ 13,254,260

4. Interfund Receivables, Payables, and Transfers

a. The composition of interfund receivable/payable balances as of June 30, 2019 is as follows:

	Due From Other Funds	Due To Other Funds
General fund	\$ -	\$ 1,538,097
Nonmajor governmental funds	-	1,367,588
Internal service funds	3,104,329	-
Enterprise funds	-	198,644
Total	<u>\$ 3,104,329</u>	<u>\$ 3,104,329</u>

The interfund payable balances represent routine and temporary cash flow assistance from the Workers' Compensation internal service fund until the amounts receivable are collected to reimburse eligible expenditures. They also include fringe collected from other funds that are due to the Employee Benefit and Workers' Compensation internal service funds.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

4. Interfund Receivables, Payables, and Transfers (continued)

b. The composition of interfund transfer balances for the year ended June 30, 2019 is as follows:

Transfers out:	Transfers in:			Total
	General Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 554,862	\$ -	\$ 554,862
Nonmajor governmental funds	748,117	-	-	748,117
Internal service funds	100,000	-	-	100,000
Water Utility Fund	-	-	500,000	500,000
Sewage Collection Fund	-	-	300,000	300,000
Solid Waste Disposal Fund	-	-	200,000	200,000
Total	<u>\$ 848,117</u>	<u>\$ 554,862</u>	<u>\$ 1,000,000</u>	<u>\$ 2,402,979</u>

Transfers from the General Fund of \$554,862 were made to subsidize the Garden Grove Cable Fund in the amount of \$366,834 and the Self Supporting Revenue fund in the amount of \$188,028.

Transfers to the General Fund generated by the Garden Grove Tourism Improvement District Special Revenue Fund in the amount of \$748,117 were made to fund future City projects. The internal service fund transfer of \$100,000 was generated from the Risk Management Internal Service Fund as reimbursement to the General Fund for estimated staff time actively involved in risk management.

The transfer to the Information Technology Internal Service Fund in the amount of \$1,000,000 of which \$500,000 from the Garden Grove Sanitary District (Sewage Collection Fund and Solid Waste Disposal fund) and \$500,000 from the Water Utility Fund were made to fund the City's acquisition and implementation of new financial and human resources enterprise resource planning software.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

5. Notes receivable at June 30, 2019, consisted of the following:

a. Neighborhood Stabilization Program (NSP) Loan – Other nonmajor governmental funds:

At June 30, 2019, thirteen NSP Agreements remain, which are reflected in the nonmajor governmental funds. These loans provide up to \$40,000 in down payment assistance in the form of a silent loan that requires no payment for 30 years. The loans carry 0% interest charges.

\$ 510,644

b. Mortgage Assistance Program (MAP) Loan – Housing Successor Agency Major Capital Project Fund:

At June 30, 2019, nine MAP agreements are reflected in the nonmajor governmental funds. These loans provide up to \$40,000 in down payment assistance in the form of a silent loan that requires no payment for 5 up to 30 years. The loans carry interest between 0 to 3% annually.

153,916

c. CalHome Mortgage Assistance (CalHome) Loan – Other nonmajor governmental funds:

At June 30, 2019, twenty-eight CalHome Agreements are reflected in the nonmajor governmental funds. These loans provide up to \$60,000 in down payment assistance in the form of a silent loan that requires no payment for 30 years. The loans carry 3% interest charges.

1,598,002

d. Rental rehabilitation – HOME Grant Revenue fund – Other nonmajor governmental fund:

The City has entered into a Housing Rehabilitation Agreement utilizing HOME funds for the purpose of assisting developers in the acquisition, substantial rehabilitation and continued operation of an existing 78-unit multifamily affordable housing project called Sycamore Court. Due to the multiple project funding sources, when completed the project will be subject to new income restrictions, occupancy and other affordable housing covenants. Disbursement of loan proceeds of \$1,200,000 were made in five installment payments commencing on June 2017. The Note bears simple interest at the rate of 3% per annum from the date of initial disbursement. Interest payments of \$36,000 are due on an annual basis and no principal payments are required on the loan maturity date of September 30, 2033.

1,272,000

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

5. Notes receivable at June 30, 2019, consisted of the following: (continued)

e. Single Family Rehab (Deferred Loan) - Housing Successor Agency Major Capital Project Fund:

At June 30, 2019 eight Deferred Loan Agreements remain, which are reflected in nonmajor governmental funds. These loans provide up to \$20,000 in down payment assistance in the form of a silent loan that requires no payment for 15 or 30 years. The loans carry 3% or 5% interest charges. In addition, at June 30, 2019, there are five Homebuyer Assistance Loans that were issued for \$50,000 each. These loans have a term of 45 years and bear a simple interest of 3%. At each anniversary, 1/45th of the principal and interest are forgiven. \$ 391,554

f. ADDI Down Payment Rehab (ADDI) Loan - Other nonmajor governmental funds:

At June 30, 2019, fourteen ADDI Agreements utilizing the American Dream Downpayment Initiative funds are reflected in nonmajor governmental funds. These loans provide up to \$30,000 in down payment assistance in the form of a silent loan that requires no payment for 15 years. The loans carry 0% interest charges. These loans are forgivable if the recipient complies with all conditions. 210,181

g. Rental rehabilitation - Housing Successor Agency Major Capital Project Fund:

The Low and Moderate Income Housing Asset capital projects fund holds six notes related to property rehabilitation loans, which have been used to assist developers in the rehabilitation of multifamily residential buildings located within the City for the purpose of providing adequate low income housing opportunities for City residents. 3,382,470

h. Rental rehabilitation - Housing Successor Agency Major Capital Project Fund and Other nonmajor governmental funds:

The City has entered into thirteen Housing Rehabilitation Agreements utilizing CDBG funds, which are reflected in other governmental funds and the HOME fund. These loans were for the purpose of assisting developers in the rehabilitation and operation of multifamily apartment buildings for the purpose of providing adequate low-income housing to City residents. Many of these buildings had suffered from serious structural deterioration, overcrowding and high crime. 13,813,896

i. Affordable housing agreement - General fund:

The City has entered into three Affordable Housing Agreements with developers wherein the developers have agreed to comply to certain affordability covenants including the reimbursement to the City of forgone property taxes which would have been payable for the property, increasing at the rate of approximately 2 % annually. 2,271,356

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

5. Notes receivable at June 30, 2019, consisted of the following: (continued)

j. Rental construction – Housing Successor Agency Major Capital Project Fund and other nonmajor governmental fund:

The City has entered into a rental construction loan agreement utilizing HOME funds. The note was for the purpose of assisting the developer with the construction of new low-income housing for City residents. The note bears a simple annual interest rate of 3%. Loan repayment is based on residual receipts and is contingent upon the release of construction covenants for the project. The note commenced upon the initial disbursement of Home funds in June 2015. An additional \$1.6 million was disbursed in June 2017 and is payable to the Housing Successor Agency Fund. Its maturity will be the fifty-fifth anniversary of the date of the Release of Construction Covenants.

\$ 4,037,530

k. Conveyance of Property Loan Agreement – Housing Successor Agency Major Capital Project Fund and other non-major Capital Project Fund:

The City has entered into a financed sale agreement with the Housing Authority for the sale of twelve single-family residential parcels on March 12, 2016. The initial loan amount is \$2,709,030. The note bears a simple annual interest rate of 4% in 60 equal monthly interest-only payments in the amount of \$9,030 with a balloon payment on the 60th month. The term of the promissory note is due and payable in five years in March 2021.

2,709,030

l. Small Business Assistance Program – General fund and Other nonmajor governmental funds:

The City has entered into a loan agreement through the Small Business Assistance Program utilizing CDBG funds as well as General Fund monies for a total loan amount of \$50,000. The note bears an interest rate equal to the lower of 6.5% or the highest rate permitted by applicable law compounded annually. The note is payable in five years with the monthly payment of \$489.

50,000

m. Private Sewer Lateral Loan Agreement – Sewer Fund:

The Garden Grove Sanitary District has entered into a Private Sewer Lateral Loan Agreement with The Helen Brooks Montgomery Revocable Trust on October 1, 2012, for an original amount of \$10,000. The loan is due and payable at the simple annual interest rate of 2.24%. Monthly payments in the amount of \$65.47 are required. Loan principal is amortized over the 15-year life and the principal portion of monthly payment reduces the loan payable.

5,393

Total Notes Receivable

30,405,972

Less Allowance

(1,007,609)

Total Notes Receivable, net

\$ 29,398,363

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

6. Land Held for Resale

The City and the Successor Agency land held for resale is an inventory of land intended to be sold to developers. The land is carried at the lower of cost or estimated net realizable value, as determined upon execution of a disposition and development agreement.

City land held for resale is comprised of inventory held by the Housing Successor Agency capital projects fund. City and Successor Agency land held for resale balances at June 30, 2019 are \$2,819,063 and \$25,249,639, respectively.

7. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance *	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 415,745,213	\$ 676,731	\$ (240,000)	\$ 416,181,944
Construction in progress	5,049,224	14,232,465	(14,998,498)	4,283,191
Total capital assets, not being depreciated	420,794,437	14,909,196	(15,238,498)	420,465,135
Capital assets, being depreciated:				
Infrastructure				
Street system	402,004,857	4,694,111	(2,243,448)	404,455,520
Storm drain assets	72,107,931	-	-	72,107,931
Buildings and park assets	47,032,571	9,414,851	(481,514)	55,965,908
Furniture and equipment	32,308,211	2,070,869	(2,034,833)	32,344,247
Total capital assets, being depreciated	553,453,570	16,179,831	(4,759,795)	564,873,606
Less accumulated depreciated for:				
Infrastructure				
Street system	(237,686,692)	(10,716,923)	2,050,443	(246,353,172)
Storm drain assets	(47,844,173)	(1,422,064)	-	(49,266,237)
Buildings and park assets	(27,358,892)	(1,271,607)	364,940	(28,265,559)
Furniture and equipment	(17,031,561)	(2,032,511)	1,930,531	(17,133,541)
Total accumulated depreciation	(329,921,318)	(15,443,105)	4,345,914	(341,018,509)
Total capital assets, being depreciated, net	223,532,252	736,726	(413,881)	223,855,097
Governmental activities capital assets, net	\$ 644,326,689	\$ 15,645,922	\$ (15,652,379)	\$ 644,320,232
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 2,009,789	\$ -	\$ -	\$ 2,009,789
Construction in progress	3,188,279	9,485,025	(8,907,138)	3,766,166
Total capital assets, not being depreciated	5,198,068	9,485,025	(8,907,138)	5,775,955
Capital assets, being depreciated:				
Building and structures	328,260	-	-	328,260
Water system	143,048,555	5,794,510	(2,207,552)	146,635,513
Sewer system	115,152,611	3,112,628	(908,115)	117,357,124
Machinery and equipment	512,624	54,608	(39,193)	528,039
Total capital assets, being depreciated	259,042,050	8,961,746	(3,154,860)	264,848,936
Less accumulated depreciated for:				
Building and structures	(35,884)	(10,442)	-	(46,326)
Water system	(57,224,365)	(3,348,893)	1,677,338	(58,895,920)
Sewer system	(52,356,105)	(1,791,407)	654,972	(53,492,540)
Machinery and equipment	(370,625)	(14,193)	32,110	(352,708)
Total accumulated depreciation	(109,986,979)	(5,164,935)	2,364,420	(112,787,494)
Total capital assets, being depreciated, net	149,055,071	3,796,811	(790,440)	152,061,442
Business-type activities capital assets, net	\$ 154,253,139	\$ 13,281,836	\$ (9,697,578)	\$ 157,837,397

* As restated (see note 17)

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

7. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

	Governmental Activities	Business-type Activities
Police Protection	\$ -	\$ -
Traffic safety	468,430	-
Right of way	10,716,923	-
Drainage	1,422,064	-
Community buildings	1,271,607	-
Water	-	3,367,355
Sewage collection	-	1,797,580
Solid waste disposal	-	-
Housing Authority	-	-
Internal service fund	1,564,083	-
Total	\$ 15,443,107	\$ 5,164,935

8. Long-term Debt

a. Following is a summary of long-term debt transactions for the City for the year ended June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Lease Revenue Bonds, Series 2015A	\$ 23,175,000	\$ -	\$ (450,000)	\$ 22,725,000	\$ 465,000
Add: Premium	1,449,760	-	(54,366)	1,395,394	54,366
Agreements payable	23,730	-	(23,730)	-	-
Capital lease payable	589,290	-	(215,973)	373,317	141,542
Governmental activities long-term debt	25,237,780	-	(744,069)	24,493,711	660,908
Other non-current liabilities:					
Claims payable	37,378,000	8,772,970	(4,768,529)	41,382,441	8,124,441
Compensated absences	7,591,010	8,741,696	(9,183,818)	7,148,888	6,576,977
Governmental activities long-term liabilities	<u>\$ 70,206,790</u>	<u>\$ 17,514,666</u>	<u>\$ (14,696,416)</u>	<u>\$ 73,025,040</u>	<u>\$ 15,362,326</u>
Business-type activities					
Water Revenue COP 2015	\$ 5,625,000	\$ -	\$ (895,000)	\$ 4,730,000	\$ 925,000
Water Revenue Bond 2010	12,065,000	-	(705,000)	11,360,000	730,000
Add: Premium/(Discount)	349,382	-	(58,230)	291,152	58,230
Sewer Revenue Refunding Bond 2017	14,850,000	-	(540,000)	14,310,000	555,000
Add: Premium/(Discount)	1,298,172	-	(72,456)	1,225,716	72,456
Business-type activities long-term liabilities	<u>\$ 34,187,554</u>	<u>\$ -</u>	<u>\$ (2,270,686)</u>	<u>\$ 31,916,868</u>	<u>\$ 2,340,686</u>
Private-purpose trust fund					
2016 Tax Allocation Bond	\$ 36,540,000	\$ -	\$ -	\$ 36,540,000	\$ -
Add: Premium/(Discount)	5,502,432	-	(360,815)	5,141,617	360,815
2014 Tax Allocation Bond	29,010,000	-	(2,380,000)	26,630,000	2,685,000
Add: Premium/(Discount)	3,552,103	-	(315,743)	3,236,360	315,742
2008 Subordinate note	1,330,000	-	(100,000)	1,230,000	105,000
Agreements payable	7,666,667	-	(4,000,000)	3,666,667	3,666,667
Loan Payable to City	13,254,260	-	-	13,254,260	-
Private-purpose trust fund long-term liabilities	<u>\$ 96,855,462</u>	<u>\$ -</u>	<u>\$ (7,156,558)</u>	<u>\$ 89,698,904</u>	<u>\$ 7,133,224</u>

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt

b. Governmental Long-term Debt at June 30, 2019 Consisted of the Following:

Lease Revenue Bonds, Series 2015 A

On November 10, 2015, the Garden Grove Public Financing Authority issued \$24,790,000 of Lease Revenue Bonds, Series 2015A. The Bonds were issued for the current refunding of \$17,100,000 of outstanding Certificates of Participation Series A (2002 Financing Project) and to finance the acquisition/construction of a fire station, police building renovations and other public capital improvements. Principal payments on the Bonds are due annually on March 1 each year, ranging from \$410,000 to \$1,435,000, and continuing until March 1, 2045. Interest is payable semiannually, beginning on March 1, 2016, with an interest rate ranging from 2.00% to 5.00% over the life of the Bonds. Such bonds are subject to Federal arbitrage regulations, however, no arbitrage liability is reported at June 30, 2019.

\$ 22,725,000

Unamortized bond premium

1,395,394

Total lease revenue bonds

\$ 24,120,394

Capital Leases Payable

In September 2004, the City entered into a lease purchase arrangement in the amount of \$1,156,741 for the retrofit of certain heating and air conditioning system of City government buildings. The interest rate is 4.51% with a quarterly payment of \$26,634 through August 2019.

\$ 26,337

In August 2016, the City renewed the capital lease arrangement in the amount of \$18,487 for mail machines. The monthly payment for the first twelve months will be \$506 and \$713 thereafter.

10,168

In June 2017, the City entered into a capital lease arrangement in the amount of \$309,466 for copiers. The interest rate is 0.10% with a monthly payment of \$5,320 through June 2022.

187,944

In December 2017, the City entered into a capital lease arrangement in the amount of \$248,114 for a new telephone system. Annual payment of \$49,623 is due through February 2022.

148,868

Total capital leases payable

373,317

Total Governmental Long Term Debt

\$ 24,493,711

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

c. Proprietary long-term debt at June 30, 2019 consisted of the following items:

2015 Revenue Certificates of Participation - Water Utility Enterprise Fund

\$8,150,000 Refunding Revenue Bonds, Series 2015 were issued on October 1, 2015, for the current refunding of the remaining outstanding balance of the previously issued \$16,845,000 of the Refunding Certificate of Participation Series 2004. The refunding was undertaken to achieve debt service savings. Principal payments for 2015 Revenue certificates range from \$925,000 to \$985,000 and are due annually each December 15 through 2023. Interest is payable semi-annually on June 15 and December 15, at rates ranging from 1.0% to 5.0% over the life of the certificate. Such certificates are subject to Federal arbitrage regulations; however, no arbitrage liability is reported at June 30, 2019.

\$ 4,730,000

Total 2015 refunding revenue bonds

\$ 4,730,000

2015 Revenue Certificates of Participation - Water Utility Enterprise Fund - Debt Service Coverage

The Refunding Revenue Certificates of Participation were issued on October 1, 2015 for the current refunding of the 2004 Water Revenue Bond Refunding. The prior Refunding Revenue Certificates of Participation were issued on April 20, 2004 for prior refunding of the Water Revenue Bonds, Series 1993. These certificates of participation are to be secured and to be serviced from revenues derived by the ownership and operations of the water system including all connection charges and fees collected by the City through the fiscal year 2023. At June 30, 2019 total interest and principal remaining on the certificates is \$4,967,700. The Utility covenants that rates and charges for the water service will be sufficient to yield net revenues equal to 125% of the debt service coming due and payable during the next succeeding bond year. Revenue recognized during the year was \$37.8 million against debt service payments of \$998,550. The following analysis shows the test result for compliance with this covenant:

Operating Revenue	\$ 37,038,704
Non-operating revenues	<u>793,305</u>
Gross revenue	37,832,009
Less: Expenses (excluding depreciation amortization, interest and fiscal charges)	<u>(28,891,265)</u>
Net revenues	<u>\$ 8,940,744</u>
Debt service requirement for next year: \$1,010,350 x 125%	<u>\$ 1,262,938</u>

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

**c. Proprietary long-term debt at June 30, 2019 consisted of the following items:
(continued)**

2010 Revenue Bonds - Water Utility Enterprise Fund

\$16,625,000 Revenue Bonds, Series 2010, were issued on April 30, 2010 to finance the acquisition, expansion, construction and improvement of certain additional water facilities of the water system of the City. The remaining principal and interest requirements on the debt is \$18,037,880. The Bonds are due in annual principal installments of \$730,000 to \$4,125,000 beginning December 15, 2010 and is payable semiannually on June 15 and December 15 through December 2030 at rates ranging from 2.0% to 6.389% over the life of the certificates. Such certificates are subject to Federal arbitrage regulations; however no arbitrage liability is reported at June 30, 2019.

\$ 11,360,000

Unamortized bond premium

291,152

Total 2010 revenue bonds

\$ 11,651,152

**2010 Revenue Bonds - Water Utility Enterprise Fund - Debt
Service Coverage**

The Revenue Bonds, Series 2010, were issued on April 30, 2010 are secured and to be serviced from net revenues derived from the ownership or operation of the water system excluding proceeds from customers' deposits and any proceeds assessments restricted by law to be used by the City to pay parity obligations or other obligations. The remaining principal and interest requirements on the debt at June 30, 2019 is \$16,661,141. The Utility covenants that rates and charges for the water service will be sufficient to yield net revenues equal to 125% of the debt service coming and due payable during the next succeeding bond year. Revenue recognized during the year was \$37.8 million against debt service payments of \$1,376,740. The following analysis shows the test result for compliance with this covenant:

Operating Revenue	\$ 37,038,704
Non-operating revenues	<u>793,305</u>
Gross revenue	37,832,009
Less: Expenses (excluding depreciation amortization, interest and fiscal charges)	<u>(28,891,265)</u>
Net revenues	<u>\$ 8,940,744</u>
Debt service requirement for next year: \$1,369,390 x 125%	<u>\$ 1,711,738</u>

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

**c. Proprietary long-term debt at June 30, 2019 consisted of the following items:
(continued)**

**2017 Refunding Sewer Revenue Bond – Sewage Collection
Enterprise fund**

On March 1, 2017, the Garden Grove Sanitary District issued \$15,970,000 in bonds to provide funds to refinance the District's obligations to the 2006 Sewer Revenue Certificate of Participation. The Certificates were issued to finance the rehabilitation, replacement and improvement of the wastewater collection system of the Garden Grove Sanitation District. The 2017 Bonds are due in annual principal installments of \$555,000 to \$1,160,000 beginning June 15, 2017 through 2036. Interest rates range from 2.0% to 5.0% and is payable semiannually on June 15 and December 15.

The net proceeds of the bond issue were used to provide for the prepayment of the 2006 Certificates. The reacquisition price was less than the net carrying amount of the old debt by \$206,922. This amount is being reflected as a deferred inflow of resources and amortized over the life of the refunding debt.

The certificates are secured and to be serviced from the total revenues for the fiscal year excluding any proceeds of taxes or assessments restricted by law and less the operations and maintenance costs excluding depreciation through the fiscal year 2036.

	\$ 14,310,000
Unamortized bond premium	<u>1,225,716</u>
Total 2017 revenue refunding bond	<u>\$ 15,535,716</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

**c. Proprietary long-term debt at June 30, 2019 consisted of the following items:
(continued)**

**2017 Refunding Sewer Revenue Bond – Sewage Collection
Enterprise fund - Debt Service Coverage**

The Utility covenants that rates and charges for the sewer service will be sufficient to yield net revenues equal to 115% of the debt service coming due and payable during the next succeeding bond year. The following analysis shows the test result for compliance with this covenant:

Operating Revenue	\$ 10,754,855
Non-operating revenues	<u>1,197,077</u>
Gross revenue	11,951,932
Less: Expenses (excluding depreciation amortization, interest and fiscal charges)	<u>(5,152,423)</u>
Net revenues	<u>\$ 6,799,509</u>
Debt service requirement for next year: \$1,194,375 x 115%	<u>\$ 1,373,531</u>

Total Proprietary Long Term Debt \$ 31,916,868

Total Long Term Debt \$ 56,410,579

d. Private-purpose trust activity long-term debt at June 30, 2019 consisted of the following items:

Tax Allocation Bonds Issue of 2016

\$42,000,000 Tax allocation bonds were issued on March 17, 2016. The SRDA issued the "2016 Bonds" in the aggregate principal amount necessary to provide net proceeds of \$42,000,000 to fund the Water Park Hotel pursuant to the first amended and restated disposition and development agreement dated April 13, 2010. Interest on the bonds will be payable semiannually each April 1 and October 1, commencing October 1, 2016. The rates ranging from 1.0% to 5.0%. The "2016 Bonds" will be payable on a parity with the debt service on the 2014 Bonds to the extent set forth in the 2016 Bond Indenture. Such certificates are subject to federal arbitrage regulations. No arbitrage liability is reported at June 30, 2019.

	\$ 36,540,000
Unamortized bond premium	<u>5,141,617</u>
Total Tax Allocation Bond Issue of 2016	<u>\$ 41,681,617</u>

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

d. Private-purpose trust activity long-term debt at June 30, 2019 consisted of the following items: (continued)

Tax Allocation Refunding Bonds Issue of 2014

\$38,810,000 Tax allocation refunding bonds were issued on July 16, 2014. The bonds were issued for the purpose of refunding the Garden Grove Agency for Community Development's previously issued \$57,025,000 community project tax allocation refunding bonds, Series 2003. Proceeds of the Series 2014 bonds will also be used (i) to fund a debt service reserve fund for the 2014 Bonds and (ii) to pay costs incurred in connection with the issuance, sale, and delivery of the 2014 Bonds.

Pledged revenue recognized during the year was \$3.67 million against the total debt service payment of \$3.67 million. Principal payments ranging from \$2,685,000 to \$3,330,000 are due annually through the year 2029. Interest is due semi-annually on October 1 and April 1, at rates ranging from 1.0% to 5.0%. Such bonds are subject to Federal arbitrage regulations; however, no liability is reported at June 30, 2019.

\$ 26,630,000

Unamortized bond premium

3,236,360

Total Tax Allocation Bond Issue of 2014

\$ 29,866,360

Subordinate Note

On June 1, 2008, the former redevelopment agency for Community Development entered into a note purchase agreement in the amount of \$2,015,000, to refund a note issued to Katella Cottages LLC under a Disposition and Development Agreement dated May 11, 2004. The Note has an annual interest rate of 6% with principal payments due annually on October 1 through October 1, 2027. Principal payments range from \$105,000 to \$170,000. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the bonds was transferred to the Successor Agency.

1,230,000

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

d. Private-purpose trust activity long-term debt at June 30, 2019 consisted of the following items: (continued)

Agreements Payable

On June 2, 2008, the former redevelopment agency for Community Development entered into an agreement with Union Bank of California for a term loan in the amount of \$32,000,000 for the purpose of acquiring certain parcels of real property. The terms of the loan comprise of refunded capitalized interest rate of 4.22% for year 1 through 3, interest rate of Libor plus 0.75 basis points for year 4 and fully amortized loan with principal and interest payments of Libor plus 0.75 basis points for years 5 through 12. Upon the dissolution of the former redevelopment agency at February 1, 2012, the outstanding balance of the loan was transferred to the Successor Agency.

\$ 3,666,667

Loan Payable to City

The former redevelopment agency has five loans from the Low Income Housing Assets capital project fund, that were used to make the fiscal year 2003-04 (\$847,149), 2004-05 (\$1,523,830), and 2005-06 (\$1,350,397) mandated Educational Revenue Augmentation Fund payments and "Supplemental" Education Revenue Augmentation Fund payments for the fiscal year 2009-10 (\$7,906,610) and 2010-11 (\$1,626,274). In accordance with Assembly Bill X1 26, existing agreements between the City and the former redevelopment agency have previously been invalidated. In fiscal year 2017-18, the California Department of Finance changed its previous determination and has now approved the repayment of the ERAF and SERAF loans (\$13,254,260) as an enforceable obligation.

13,254,260

Total Private Purpose Trust Funds Long Term Debt

\$ 89,698,904

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

- e. The scheduled annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2019 including interest payments are as follows:

Year Ending June 30	Lease Revenue Bonds 2015A		
	Principal	Interest	Total
2020	\$ 465,000	\$ 1,040,450	\$ 1,505,450
2021	490,000	1,017,200	1,507,200
2022	515,000	992,700	1,507,700
2023	540,000	966,950	1,506,950
2024	565,000	939,950	1,504,950
2025-2029	3,290,000	4,245,750	7,535,750
2030-2034	4,150,000	3,387,000	7,537,000
2035-2039	5,055,000	2,479,200	7,534,200
2040-2044	6,220,000	1,309,400	7,529,400
2045	1,435,000	71,750	1,506,750
Total	<u>\$ 22,725,000</u>	<u>\$ 16,450,350</u>	<u>\$ 39,175,350</u>

Year Ending June 30	Capital Leases Payable		
	Principal	Interest	Total
2020	\$ 141,542	\$ 2,959	\$ 144,501
2021	115,965	2,198	118,163
2022	115,810	672	116,482
Total	<u>\$ 373,317</u>	<u>\$ 5,829</u>	<u>\$ 379,146</u>

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

- f. The scheduled annual requirements to amortize all proprietary long-term debt outstanding as of June 30, 2019 including interest payments are as follows:**

Year Ending June 30	2015 Refunding Water Revenue Bonds		
	Principal	Interest	Total
2020	\$ 925,000	\$ 85,350	\$ 1,010,350
2021	935,000	66,750	1,001,750
2022	955,000	47,850	1,002,850
2023	985,000	28,450	1,013,450
2024	930,000	9,300	939,300
Total	<u>\$ 4,730,000</u>	<u>\$ 237,700</u>	<u>\$ 4,967,700</u>

Year Ending June 30	2010 Water Revenue Bonds		
	Principal	Interest	Total
2020	\$ 730,000	\$ 639,390	\$ 1,369,390
2021	770,000	601,890	1,371,890
2022	805,000	562,515	1,367,515
2023	850,000	523,984	1,373,984
2024	885,000	484,027	1,369,027
2025-2029	4,125,000	2,183,212	6,308,212
2030-2031	3,195,000	306,123	3,501,123
Total	<u>\$ 11,360,000</u>	<u>\$ 5,301,141</u>	<u>\$ 16,661,141</u>

Year Ending June 30	2017 Sewer Refunding Revenue Bonds		
	Principal	Interest	Total
2020	\$ 555,000	\$ 639,375	\$ 1,194,375
2021	590,000	611,625	1,201,625
2022	615,000	582,125	1,197,125
2023	645,000	551,375	1,196,375
2024	680,000	519,125	1,199,125
2025-2029	3,945,000	2,050,375	5,995,375
2030-2034	5,000,000	996,400	5,996,400
2035-2036	2,280,000	120,400	2,400,400
Total	<u>\$ 14,310,000</u>	<u>\$ 6,070,800</u>	<u>\$ 20,380,800</u>

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

8. Long-term Debt (continued)

- g. The scheduled annual requirements to amortize all the Successor Agency long-term debt outstanding as of June 30, 2019 including interest payments are as follows:

Year Ending June 30	Tax Allocation Refunding Bonds Issue of 2016		
	Principal	Interest	Total
2020	\$ -	\$ 1,652,250	\$ 1,652,250
2021	1,900,000	1,614,250	3,514,250
2022	1,975,000	1,536,750	3,511,750
2023	2,055,000	1,445,875	3,500,875
2024	2,160,000	1,340,500	3,500,500
2025-2029	12,525,000	4,928,125	17,453,125
2030-2034	15,925,000	1,516,625	17,441,625
Total	<u>\$ 36,540,000</u>	<u>\$ 14,034,375</u>	<u>\$ 50,574,375</u>

Year Ending June 30	Tax Allocation Refunding Bonds Issue of 2014		
	Principal	Interest	Total
2020	\$ 2,685,000	\$ 1,193,950	\$ 3,878,950
2021	2,795,000	1,084,350	3,879,350
2022	2,905,000	970,350	3,875,350
2023	3,015,000	836,875	3,851,875
2024	3,170,000	682,250	3,852,250
2025-2029	10,430,000	1,519,000	11,949,000
2030-2033	1,630,000	40,750	1,670,750
Total	<u>\$ 26,630,000</u>	<u>\$ 6,327,525</u>	<u>\$ 32,957,525</u>

Year Ending June 30	Subordinate Note 2008		
	Principal	Interest	Total
2020	\$ 105,000	\$ 70,650	\$ 175,650
2021	115,000	64,050	179,050
2022	120,000	57,000	177,000
2023	130,000	49,500	179,500
2024	135,000	41,550	176,550
2025-2028	625,000	77,550	702,550
Total	<u>\$ 1,230,000</u>	<u>\$ 360,300</u>	<u>\$ 1,590,300</u>

Year Ending June 30	Agreements Payable		
	Principal	Interest	Total
2020	\$ 3,666,667	\$ 91,667	\$ 3,758,334
Total	<u>\$ 3,666,667</u>	<u>\$ 91,667</u>	<u>\$ 3,758,334</u>

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

9. Compensated Absences

The City accounts for compensated absences (unpaid vacation, annual leave, unused holiday, compensated time off, and sick leave) in the Employee Benefit internal service fund. The balance for accrued compensated absences at June 30, 2019 is \$7,148,888.

Vacation accrues for all employee groups other than Fire at 10 hours per month after 1 year of service, 12 hours per month after 9 years, 14 hours per month after 14 years, 17.25 hours per month after 19 years, and 20.50 hours per month after 24 years. The maximum an employee may accumulate is an amount equivalent to 2 full calendar years of service. The maximum management may accumulate is an amount equivalent to 2 full calendar years of service plus 40 hours.

Annual leave accrues for all firemen at 18 hours per month from date of hire through 1 year, 22 hours per month after 1 year, 24 hours per month after 4 years, 26 hours per month after 9 years, 28 hours per month after 14 years, 30 hours per month after 19 years, and 33 hours per month after 24 years. Annual leave accrues for all fire management at 17 hours per month from date of hire through 1 year, 22 hours per month after 1 year, 25 hours per month after 9 years, 28 hours per month after 14 years, 31.25 hours per month after 19 years, 34.5 hours per month after 24 years. The maximum a fire employee may accumulate is an amount equivalent to 2 full calendar years of service plus 72 hours. Accumulated vacation, annual leave benefits and comp time, payable in future years when used by City employees, totaled \$5,884,354 at June 30, 2019.

Sick leave is accumulated on the basis of 8 hours for each month of service beginning from the date of hire for all employee groups other than police and fire. Police employees accumulate on the basis of 10 hours for each month of service beginning from the date of hire. Fire employees do not accumulate sick leave benefits since converting to the annual leave benefit. The City has adopted a policy for payment of unused sick leave benefits at time of retirement. Employees can be paid 50% for all unused hours up to 1,000, police employees 100% of up to 750 unused hours, and management employees 50% of all unused hours. Studies have indicated that only 10.9 percent of all accumulated sick leave is actually used by employees, therefore, the sick leave liability is estimated at 10.9 percent of the total accumulated benefit, or \$1,264,534 at June 30, 2019.

A calculated fringe benefit rate, which includes accrued compensated absences, workers' compensation, retirement and medical benefits, is applied to all labor charges. The resulting funds are deposited into internal service funds and are set aside for corresponding liabilities, which are fully funded by sufficient cash and investment in that fund. Compensated absences are liquidated using the employee benefits internal service fund's available net position.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Vacation, Annual Leave, Benefits, and Comp Time	\$ 6,079,919	\$ 7,548,950	\$ (7,744,515)	\$ 5,884,354	\$ 5,413,607
Sick Leave	1,511,091	1,192,746	(1,439,303)	1,264,534	1,163,370
Total	<u>\$ 7,591,010</u>	<u>\$ 8,741,696</u>	<u>\$ (9,183,818)</u>	<u>\$ 7,148,888</u>	<u>\$ 6,576,977</u>

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

10. Risk Management

The City utilizes a program to self-insure for workers' compensation liability for the first \$1 million, per occurrence, for injury or occupational illness to City employees pursuant to Workers' Compensation Laws of the State of California. The City contracts with a third party who administers the program and acts as the representative of the City in claim hearings and litigation. Excess coverage is placed with a joint powers authority for losses from \$1 million up to the statutory limit per occurrence. This self-insurance program is accounted for in the Workers' Compensation internal service fund. There is an estimated liability of \$35,928,000 for claims outstanding including claims incurred but not reported on June 30, 2019, which has been included as liabilities in the Workers' Compensation internal service fund.

The City also has a self-insured program for its tort and civil liabilities. The City is self-insured for the first \$2 million per occurrence. Excess liability insurance is carried thereafter to \$33 million per occurrence with commercial insurers. Claims administration and adjusting services are provided by contract with a third-party administrator specializing in public entity liability. Representation in matters of litigation is performed through the retaining of outside law firms and is supervised by the city attorney. This self-insurance program is accounted for in the Risk Management internal service fund.

The City estimates a liability for claims outstanding, including claims incurred but not reported, on June 30, 2019, in the amount of \$5,454,441 which has been included as liabilities in the Risk Management internal service fund.

The City is a defendant in various lawsuits. Attempts are made to settle these cases or proceed to trial as recommended by the attorney. The City believes that it has meritorious defenses to the allegations contained in the cases. However, the City has accrued and reserved reasonable amounts based on the actuarial analysis and attorney recommendations to cover the potential losses to the extent the exposures are deemed probable and estimable.

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's insurance coverage during the year ended June 30, 2019. Changes in the aggregate liability for claims for fiscal year ended June 30, 2019 and June 30, 2018 are as follows:

Worker's Compensation	2019	2018
Liability, July 1	\$ 33,345,000	\$ 27,323,001
Cost and claims incurred	7,118,036	10,121,215
Claim payments	(4,535,036)	(4,099,216)
Liability, June 30	<u>\$ 35,928,000</u>	<u>\$ 33,345,000</u>
Due within one year	\$ 5,348,000	\$ 4,673,037
Due in more than one year	<u>30,580,000</u>	<u>28,671,963</u>
	<u>\$ 35,928,000</u>	<u>\$ 33,345,000</u>
Risk Management		
Liability, July 1	\$ 4,033,000	\$ 4,526,000
Cost and claims incurred	1,654,934	750,490
Claim payments	(233,493)	(1,243,490)
Liability, June 30	<u>\$ 5,454,441</u>	<u>\$ 4,033,000</u>
Due within one year	\$ 2,776,441	\$ 946,383
Due in more than one year	<u>2,678,000</u>	<u>3,086,617</u>
	<u>\$ 5,454,441</u>	<u>\$ 4,033,000</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System

a. General Information about the Pension Plans

Plan Description - The City of Garden Grove's defined benefit pension plans, the Miscellaneous Plan of the City of Garden Grove and the Safety Plan of the City of Garden Grove, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan of the City of Garden Grove and the Safety Plan of the City of Garden Grove are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate Comprehensive Annual Financial Report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. Key components of the legislation are as follows:

- Establishes PEPRA which applies to all public employers and public pension plans on and after January 1, 2013 (except specific exemptions);
- Establishes new retirement tiers/benefits for new public employees;
- Prohibits certain cash payment from being counted as compensation; and
- Increases retirement age for all new public employees.

Each employee contributes toward his or her retirement based upon the retirement formula. Under PEPRA, the mandated employee contribution rate is one half of the normal cost as determined annually by CalPERS for the City when the actuarial valuation of the plans are performed. Active PEPRA plan members in the Miscellaneous Plan of the City are required to contribute 6.00% of reportable earnings for a 2.0% at 62 retirement plan. Active PEPRA plan members in the Safety Plan of the City are required to contribute 11.00% of reportable earnings for a 2.7% at 57 retirement plan. Active "Classic" plan members in the Miscellaneous Plan of the City are required to contribute 8.00% of reportable earnings for a 2.5% at 55 retirement plan. Active "Classic" plan members in the Safety Plan of the City are required to contribute 9.00% of reportable earnings for a 3.0% at 50 retirement plan.

The required employer contribution rates for fiscal year ended June 30, 2019 under PEPRA are the same as the employer contribution rates for existing miscellaneous employees and public safety employees.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

a. General Information about the Pension Plans (continued)

Benefits provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.00%
Required employer contribution rates	30.545%	30.545%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	11.00%
Required employer contribution rates	53.387%	53.387%

Employees covered - At June 30, 2017 (actuarial valuation date), the following employees were covered by the benefit terms for each Plan:

	Misc	Safety
Inactive employees or beneficiaries currently receiving benefits	610	454
Inactive employees entitled to but not yet receiving benefits	444	105
Active employees	406	246
Total	1,460	805

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

a. General Information about the Pension Plans (continued)

Contributions - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

b. Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance. Floor on Purchasing Power applies, 2.50% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

b. Net Pension Liability (continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class	Current Target	Real Return ² Years 1 -10	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	(0.92%)

¹ In the system's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.0% used for this period.

³ An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

b. Net Pension Liability (continued)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lifetime (EARLS) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

c. Changes in Net Pension Liability

The following table shows the balances related to pension at June 30, 2019:

	Miscellaneous Plan	Safety Plan	Total
Net Pension Liability	\$ 91,846,580	\$ 184,113,277	\$ 275,959,857
Deferred outflows	\$ 14,568,985	\$ 30,607,988	\$ 45,176,973
Deferred inflows	\$ 5,156,159	\$ 3,223,113	\$ 8,379,272
Pension Expense	\$ 11,800,179	\$ 22,929,398	\$ 34,729,577

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

c. Changes in Net Pension Liability (continued)

The following table shows the changes in the Net Pension Liability for each plan:

Miscellaneous Plan:	Increase(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017	<u>\$ 310,066,229</u>	<u>\$ 211,866,615</u>	<u>\$ 98,199,614</u>
Changes in the year:			
Service cost	5,401,390	-	5,401,390
Interest on the total pension liability	21,444,843	-	21,444,843
Changes of benefit terms	-	-	-
Changes in assumptions	(1,737,101)	-	(1,737,101)
Difference between actual and expected experience	(4,057,535)	-	(4,057,535)
Plan to Plan Resource Movement	-	36,458	(36,458)
Contribution - employer	-	8,199,628	(8,199,628)
Contribution - employee	-	2,429,785	(2,429,785)
Net Investment income	-	17,695,861	(17,695,861)
Benefit payments, including refunds of employee contributions	(14,088,814)	(14,088,814)	-
Administrative expense	-	(330,147)	330,147
Other Miscellaneous Income/(Expense) ¹	-	(626,954)	626,954
Net changes	<u>6,962,783</u>	<u>13,315,817</u>	<u>(6,353,034)</u>
Balance at June 30, 2018	<u><u>\$ 317,029,012</u></u>	<u><u>\$ 225,182,432</u></u>	<u><u>\$ 91,846,580</u></u>

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

c. Changes in Net Pension Liability (continued)

<i>Safety Plan:</i>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2017	<u>\$ 516,757,727</u>	<u>\$ 331,283,676</u>	<u>\$ 185,474,051</u>
Changes in the year:			
Service cost	8,706,648	-	8,706,648
Interest on the total pension liability	36,094,312	-	36,094,312
Changes of benefit terms	-	-	-
Changes in assumptions	(2,221,006)	-	(2,221,006)
Difference between actual and expected experience	(961,074)	-	(961,074)
Plan to Plan Resource Movement	-	(37,788)	37,788
Contribution - employer	-	14,147,727	(14,147,727)
Contribution - employee	-	2,873,704	(2,873,704)
Net Investment income	-	27,492,574	(27,492,574)
Benefit payments, including refunds of employee contributions	(26,226,816)	(26,226,816)	-
Administrative Expense	-	(516,231)	516,231
Other Miscellaneous	-	(980,332)	980,332
Income/(Expense) ¹	<u>-</u>	<u>(980,332)</u>	<u>980,332</u>
Net changes	<u>15,392,064</u>	<u>16,752,838</u>	<u>(1,360,774)</u>
Balance at June 30, 2018	<u><u>\$ 532,149,791</u></u>	<u><u>\$ 348,036,514</u></u>	<u><u>\$ 184,113,277</u></u>

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

c. Changes in Net Pension Liability (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of each Plan, calculated using the discount rate for each Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Lower	6.15%	6.15%
Net Pension Liability	\$ 135,051,085	\$ 256,544,764
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 91,846,580	\$ 184,113,277
1% Higher	8.15%	8.15%
Net Pension Liability	\$ 56,268,973	\$ 124,782,194

The Net Pension Liabilities for the City's pension plans have been primarily liquidated by funding from the General, Water, Sewage Collection and Housing Authority funds based on their proportionate personnel costs of the year.

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports and can be obtained on the CalPERS website.

d. Pension expenses and deferred outflows/inflows of resources related to pensions

For the year ended June 30, 2019, the City recognized pension expenses of \$11,800,179 and \$22,929,398 for Miscellaneous Plan and Safety Plan, respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 9,153,245	\$ -
Changes in assumptions	4,629,288	(1,138,101)
Differences between expected and actual experiences	-	(4,018,058)
Net difference between projected and actual earnings on pension plan investments	786,452	-
Total	<u>\$ 14,568,985</u>	<u>\$ (5,156,159)</u>

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

11. Public Employees' Retirement System (continued)

d. Pension expenses and deferred outflows/inflows of resources related to pensions (continued)

	Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 15,691,168	\$ -
Changes in assumptions	13,136,380	(1,604,060)
Differences between expected and actual experiences	367,174	(1,619,053)
Net difference between projected and actual earnings on pension plan investments	1,413,266	-
Total	<u>\$ 30,607,988</u>	<u>\$ (3,223,113)</u>

The \$9,153,245 and \$15,691,168 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ended June 30	Miscellaneous Plan	Safety Plan
	Deferred Outflow/(Inflows) of Resources	Deferred Outflow/(Inflows) of Resources
2019	\$ 4,036,152	\$ 11,576,900
2020	(1,125,360)	4,800,987
2021	(2,107,890)	(3,837,408)
2022	(543,321)	(846,772)

12. Other Postemployment Benefits

a. Plan Descriptions

The City administers other post-employment benefit (OPEB) plan which is subject to changes based on the discretion of the Council:

PEMHCA: The City provides an agent multiple-employer defined benefit healthcare plan to retirees through the California Public Employee Retirement System (CalPERS) under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as PERS Health.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

b. Employees Covered

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible to begin drawing a PERS pension. The benefits are available only to employees who retire from the City.

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the City plan:

	Number of Participants
Inactive Employees Receiving Benefits	261
Inactive Employees Entitled to But Receiving Benefits	-
Participating Active Employees	651
Total Number of Participants	<u>912</u>

c. Contributions

The contributions for the City's other post-employment benefits are based on pay-as-you-go financing requirements.

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The City's contribution rates were \$136 and \$133 per month for each retiree for the calendar years ended 2019 and 2018, respectively.

For the fiscal year ended June 30, 2019, the City contributed \$467,790 to the plan.

d. Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The City's total OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74/75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on an employee by employee basis and then aggregated.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

d. Actuarial Methods and Assumptions Used to Determine Total OPEB Liability (continued)

To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees). This greatly simplifies administration and accounting; as well as resulting in the correct service cost for new hires.

SUBSTANTIVE PLAN: As required under GASB 74/75 the valuation is based on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by the city regarding practices with respect to employer and employee contribution and other relevant factors.

ECONOMIC ASSUMPTIONS:

INFLATION: 2.75% per year. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN/DISCOUNT RATE: 3.8% per year net of expenses. This is based on the Bond Buyer 20 Bond Index.

TREND: 4% per year. The long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: 2.75% per year.

MORTALITY

<u>Participant Type</u>	<u>Mortality Tables</u>
Police	2014 CalPERS Mortality for Active Safety Employees
Firefighters	2014 CalPERS Mortality for Active Safety Employees
Miscellaneous	2014 CalPERS Mortality for Active Miscellaneous Employees

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

d. Actuarial Methods and Assumptions Used to Determine Total OPEB Liability (continued)

RETIREMENT RATES

<u>Employee Type</u>	<u>Retirement Rate Tables</u>
Police Officers	2009 CalPERS 3%@50 Rates for Sworn Police Employees or PERPRA rates, as appropriate
Firefighters	2009 CalPERS 3%@50 Rates for Sworn Fire Employees or PERPRA rates, as appropriate
General Employees	2009 CalPERS 2.5%@50 Rates for Miscellaneous Employees or PERPRA rates, as appropriate

SERVICE REQUIREMENT

<u>Employee Type</u>	<u>Service Requirement Tables</u>
Police	100% at 5 Years of Service
Firefighters	100% at 5 Years of Service
Miscellaneous	100% at 5 Years of Service

e. Recognition of Deferred Outflows and Inflows of Resources

Changes in the NOL arising from certain sources are recognized on a deferred basis. Under GASB 74 & 75 OPEB expense includes service cost, interest cost, change in total OPEB liability due to plan changes; all adjusted for deferred inflows and outflows.

The total OPEB liability (TOL) can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and the actual plan experience.

Under GASB 74 and 75, a portion of actuarial gain and losses can be deferred as follows:

- Investment gains and losses can be deferred five years.
- Experience gains and losses can be deferred over the expected average remaining service lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have working lifetime of zero. This often make the EARSL, quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working lifetime.
- Liability changes resulting from plan changes, for example, cannot be deferred.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

e. Recognition of Deferred Outflows and Inflows of Resources (continued)

OPEB Expense a Deferred Outflow/Inflow of Resources to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expenses of \$1,275,939. As of fiscal year ended June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 467,790	\$ -
Changes of assumptions	-	(832,797)
Total	\$ 467,790	\$ (832,797)

The \$467,790 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2020.

Measurement Periods Ended June 30	Deferred Outflows/Inflows of Resources
2019	\$ 378,241
2020	(89,549)
2021	(89,549)
2022	(89,549)
2023	(89,549)
Thereafter	(385,052)

f. Total OPEB Liability

If actuarial assumptions are borne out by experience, the City will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability (TOL). The TOL is calculated as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

12. Other Postemployment Benefits (continued)

g. Changes in the OPEB Liability

The changes in the OPEB liability for the City are as follows:

Changes in Total OPEB Liability as of June 30, 2018

	<u>Increase (Decrease)</u>
	<u>Total OPEB</u>
	<u>Liability</u>
Balance at June 30, 2017	\$ 18,180,623
Changes recognized for the measurement period:	
Service Cost	669,889
Interest on TOL	695,599
Employer Contributions	(420,642)
Employee Contributions	-
Assumption Changes	(922,346)
Actual Investment Income	-
Administrative Expense	-
Benefit Payments	-
Net Changes	<u>22,500</u>
Balance at June 30, 2018	<u>\$ 18,203,123</u>

h. Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability with a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Total OPEB Liability	\$21,435,664	\$18,203,123	\$15,578,431

i. Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	Trend Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Total OPEB Liability	\$13,451,777	\$18,203,123	\$24,645,284

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

13. Non-committal debt

- a. Garden Grove Housing Authority Variable Rate Demand Multifamily Housing Revenue Bonds, Series A of 1990, for \$12,000,000 were issued as an obligation of the Housing Authority. These bonds are not reflected in the City's financial statements since the use and disposition of the bond proceeds are controlled by an outside trustee, rather than the City, and since neither the Housing Authority, nor the City, is, in any event, liable for the payment of the principal or interest on the bonds. The bonds were issued to provide funds for the cost of developing the Valley View Senior Village, a multifamily rental housing project in the City. As of June 30, 2019, the balance outstanding was \$9,100,000.

14. Commitments and Contingencies

a. Grants

Under the terms of federal, county and state grants, periodic audits are required and certain costs may be questioned as not appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. If some expenditures were disallowed, the City believes such disallowances, if any, would be immaterial.

b. Construction Commitments

The City has active construction projects as of June 30, 2019. City project commitments includes street improvements, storm drain improvements and traffic improvements. Proprietary fund project commitments include water main improvements, water reservoir rehabilitation projects and sewer main improvements. At fiscal year-end, the City's construction project commitments with contractors are as follows:

	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Street Improvements	\$ 1,729,902	\$ 5,920,885
Strom Drain Improvements	1,367,613	797,291
Water Improvements	2,698,782	2,411,794
Sewer Improvements	<u>1,067,384</u>	<u>4,631,010</u>
Total	<u>\$ 6,863,681</u>	<u>\$ 13,760,980</u>

15. Joint Venture

The City participates in the Anaheim-Garden Grove-Orange Fire Training Facility Authority (the "Authority"), a joint powers authority created to finance fire training and dispatching facilities. The City Council of each city appoints one representative to the three-member Board of Directors. The City's proportionate share in the authority is 22.0%. Because the City is not financially accountable, the Authority is not considered part of the City's reporting entity. Separate financial statements are not issued.

**CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019**

C. DETAILED NOTES ON ALL FUNDS (continued)

16. Tax Abatements

The City of Garden Grove enters into various tax abatement agreements for the purpose of attracting and retaining businesses within the City. The Garden Grove Agency for Community Development also entered into three such agreements specific to hotel developments that are now the enforceable obligations of the Successor Agency pursuant to the 2011 Redevelopment Agency Dissolution Act.

In 2016, the City approved an Amended and Restated Operating Covenant Agreement with California Fuels and Lubricants for business retention purposes pursuant to Senate Bill 562. The Amended Agreement effective July 1, 2016 provides for economic development assistance in form of varying revenue sharing ratios of the amount of sales tax revenue generated in excess of \$200,000 annually for a period of 20 years. For Fiscal Year 2018-19, California Fuels and Lubricants received assistance payments of \$542,755.

In 2010, the Successor Agency entered into an agreement with Garden Grove MXD, LLC for the construction of the Great Wolf Lodge. The performance based assistance began in 2015-16 and is based on the Transient Occupancy Tax rate. If the Transient Occupancy Tax rate charged by the City impacts an agreed upon Transient Occupancy Tax rate differential with a neighboring City, an amount will be rebated to the developer equal to the total room revenue multiplied by that Transient Occupancy Tax differential. The amount of Transient Occupancy Tax rebated to Garden Grove MXD, LLC for the Fiscal Year 2018-19 is \$773,153. This amount is an approved enforceable obligation of the Successor Agency, and will be paid via the State of California approved Recognized Obligation Payments Schedule.

17. Prior Period Adjustment

GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

Prior period adjustments were made to the beginning net position/fund balance of the Government-Wide Financial Statements and the Fund Financial Statements. As a result, the beginning of the year was restated to properly account for these corrections.

A prior period adjustment of \$264,625, was made to increase the beginning fund balance of Housing Successor Agency Fund, a major special revenue fund, for an understatement of revenue and notes receivable at June 30, 2018.

A prior period adjustment of \$176,531 was made to decrease the beginning fund balance of the Housing Successor Agency Fund, for an overstatement of land held for resale at June 30, 2018.

The Governmental Activities had a net restatement of \$314,008 due to notes receivable being understated by \$264,625 and capital assets being understated \$49,383 at June 30, 2018.

CITY OF GARDEN GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2019

C. DETAILED NOTES ON ALL FUNDS (continued)

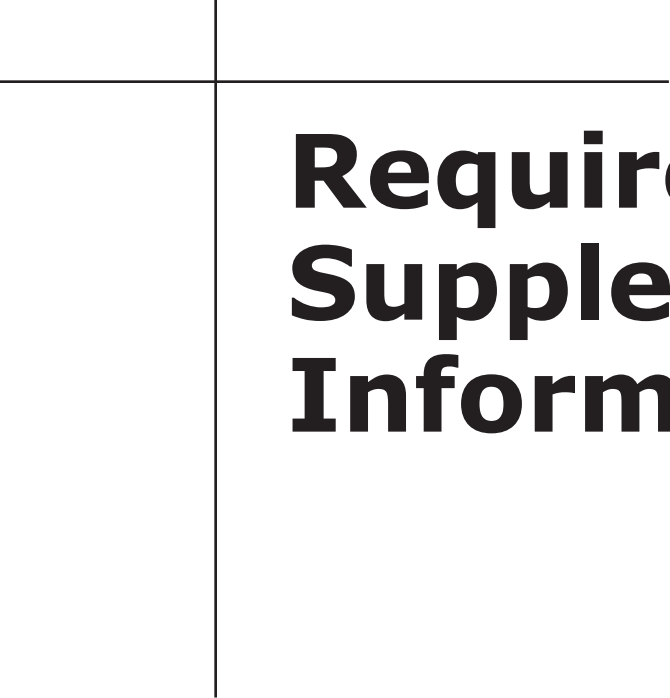
17. Prior Period Adjustment (continued)

The aforementioned adjustments resulted in the following restatement to net position at July 1, 2018:

	<u>Housing Successor Agency Fund</u>	<u>Governmental Activities</u>
Net position at July 1, 2018, as previously reported	\$ 22,229,387	\$ 576,850,058
Prior period adjustments:		
Note receivable	264,625	264,625
Land held for resale	(176,531)	-
Capital assets	-	171,030
Accumulated depreciation	-	(121,647)
Net position at July 1, 2018, as restated	<u><u>\$ 22,317,481</u></u>	<u><u>\$ 577,164,066</u></u>

18. Subsequent Event

In April 2019, the City Council voted to approve entering into a contract with Orange County Fire Authority (OCFA) for fire and emergency medical services. The transition to OCFA became effective August 16, 2019.



Required Supplemental Information

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CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
THE LAST TEN FISCAL YEARS*

Measurement Period	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	\$ 5,401,390	\$ 5,295,064	\$ 4,717,431	\$ 4,505,053	\$ 4,722,338
Interest on total pension liability	21,444,843	20,965,466	20,513,676	19,499,703	18,697,528
Changes of assumptions	(1,737,101)	17,855,824	-	(4,893,202)	-
Difference between expected and actual experience	(4,057,535)	(5,244,453)	1,501,168	(1,007,886)	-
Benefit payments, including refunds of employee contributions	(14,088,814)	(13,540,154)	(12,581,087)	(12,134,038)	(11,490,804)
Net change in total pension liability	6,962,783	25,331,747	14,151,188	5,969,630	11,929,062
Total pension liability - beginning	310,066,229	284,734,482	270,583,294	264,613,664	252,684,602
Total pension liability - ending (a)	\$ 317,029,012	\$ 310,066,229	\$ 284,734,482	\$ 270,583,294	\$ 264,613,664
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 8,199,628	\$ 7,579,342	\$ 6,646,792	\$ 5,948,472	\$ 5,101,581
Contribution - Employee	2,429,785	2,308,262	2,242,990	2,281,790	2,070,127
Net investment income ²	17,695,861	21,554,042	1,004,774	4,419,750	29,571,239
Benefit payments, including refunds of employee contributions	(14,088,814)	(13,540,154)	(12,581,087)	(12,134,038)	(11,490,804)
Net Plan to Plan Resource Movement	36,458	(64,848)	(69,973)	-	-
Administrative Expense	(330,147)	(286,986)	(120,179)	(221,880)	-
Other Miscellaneous Income/(Expense) ¹	(626,954)	-	-	-	-
Net change in fiduciary net position	13,315,817	17,549,658	(2,876,683)	294,094	25,252,143
Plan fiduciary net position - beginning ²	211,866,615	194,316,867	197,193,550	196,899,456	171,647,313
Plan fiduciary net position - ending (b)	\$ 225,182,432	\$ 211,866,525	\$ 194,316,867	\$ 197,193,550	\$ 196,899,456
Plan net pension liability - ending (a) - (b)	\$ 91,846,580	\$ 98,199,704	\$ 90,417,615	\$ 73,389,744	\$ 67,714,208
Plan fiduciary net position as a percentage of the total pension liability	71.03%	68.33%	68.24%	72.88%	74.41%
Covered payroll	\$ 29,746,612	\$ 29,037,915	\$ 28,573,176	\$ 27,094,801	\$ 27,060,561
Plan net pension liability as a percentage of covered payroll	308.76%	338.18%	316.44%	270.86%	250.23%

*Historical information is required only for measurement periods for which GASB 68 is applicable

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB68).

² Includes any beginning of year adjustment.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts were reported on the 7.5 percent discount rate.

CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
THE LAST TEN FISCAL YEARS*

Measurement Period	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	\$ 8,706,648	\$ 8,648,153	\$ 7,378,575	\$ 7,025,519	\$ 7,433,857
Interest on total pension liability	36,094,312	35,007,255	33,944,797	32,447,673	31,439,433
Changes of assumptions	(2,221,006)	29,556,856	-	(4,660,010)	-
Difference between expected and actual experience	(961,074)	(2,081,126)	2,203,036	(8,032,852)	-
Benefit payments, including refunds of employee contributions	(26,226,816)	(24,371,140)	(22,718,361)	(21,846,674)	(20,185,546)
Net change in total pension liability	15,392,064	46,759,998	20,808,047	4,933,656	18,687,744
Total pension liability - beginning	516,757,727	469,997,729	449,189,682	444,256,026	425,568,282
Total pension liability - ending (a)	\$ 532,149,791	\$ 516,757,727	\$ 469,997,729	\$ 449,189,682	\$ 444,256,026
Contribution - Employer	\$ 14,147,727	\$ 13,302,274	\$ 11,468,654	\$ 10,155,643	\$ 9,427,732
Contribution - Employee	2,873,704	2,823,680	2,915,098	2,611,738	2,439,710
Net investment income	27,492,574	33,837,324	1,532,436	6,960,883	47,553,580
Benefit payments, including refunds of employee contributions	(26,226,816)	(24,371,140)	(22,718,361)	(21,846,674)	(20,185,546)
Net Plan to Plan Resource Movement	(37,788)	-	-	-	-
Administrative Expense	(516,231)	(452,000)	(190,840)	(352,473)	-
Other Miscellaneous Income/(Expense) ¹	(980,332)	-	-	-	-
Net change in fiduciary net position	16,752,838	25,140,138	(6,993,013)	(2,470,883)	39,235,476
Plan fiduciary net position - beginning ²	331,283,676	306,143,539	313,136,552	315,607,435	276,371,959
Plan fiduciary net position - ending (b)	\$ 348,036,514	\$ 331,283,677	\$ 306,143,539	\$ 313,136,552	\$ 315,607,435
Plan net pension liability - ending (a) - (b)	\$ 184,113,277	\$ 185,474,050	\$ 163,854,190	\$ 136,053,130	\$ 128,648,591
Plan fiduciary net position as a percentage of the total pension liability	65.40%	64.11%	65.14%	69.71%	71.04%
Covered payroll	\$ 28,541,707	\$ 28,636,267	\$ 27,481,750	\$ 26,325,623	\$ 26,592,225
Plan net pension liability as a percentage of covered payroll	645.07%	647.69%	596.23%	516.81%	483.78%

*Historical information is required only for measurement periods for which GASB 68 is applicable

1 During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

2 Includes any beginning of year adjustment.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts were reported on the 7.5 percent discount rate.

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
THE LAST TEN FISCAL YEARS***

Schedule of Plan Contributions for the Fiscal Years Ended June 30

	Miscellaneous					
	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 9,153,245	\$ 8,199,628	\$ 7,579,342	\$ 6,646,792	\$ 5,948,472	\$ 5,101,581
Contributions in relation to the						
actuarially determined contributions	(9,153,245)	(8,199,628)	(7,579,342)	(6,646,792)	(5,948,472)	(5,101,581)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 28,044,597	\$ 29,746,612	\$ 29,037,915	\$ 28,573,176	\$ 27,094,801	\$ 27,060,561
Contributions as a percentage of covered payroll	32.64%	27.56%	26.10%	23.26%	21.95%	18.85%

* Historical information is required only for measurement periods for which GASB 68 is applicable

Notes to Schedule of Plan Contributions:

Valuation date: 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	For details, see June 30, 2015 Funding Valuation Report.
Asset valuation method	Market value of assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.375%, net of pension plan investment administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
Other information	For changes to previous year's information, refer to past GASB 68 reports.

**CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS
THE LAST TEN FISCAL YEARS***

Schedule of Plan Contributions for the Fiscal Years Ended June 30

	Safety					
	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 15,691,168	\$ 14,147,727	\$ 13,302,273	\$ 11,468,654	\$ 10,155,643	\$ 9,427,732
Contributions in relation to the						
actuarially determined contributions	(15,691,168)	(14,147,727)	(13,302,273)	(11,468,654)	(10,155,643)	(9,427,732)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 27,659,707	\$ 28,541,707	\$ 28,636,267	\$ 27,481,750	\$ 26,325,623	\$ 26,592,225
Contributions as a percentage of covered payroll	56.73%	49.57%	46.45%	41.73%	38.58%	35.45%

* Historical information is required only for measurement periods for which GASB 68 is applicable

Notes to Schedule:

Valuation date: 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method/period	For details, see June 30, 2015 Funding Valuation Report.
Asset valuation method	Market value of assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.375%, net of pension plan investment administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
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Other information	For changes to previous year's information, refer to past GASB 68 reports.

CITY OF GARDEN GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
for the Measurement Periods Ended June 30
THE LAST TEN FISCAL YEARS*

<i>Measurement Period</i>	<u>2017</u>	<u>2018</u>
TOTAL OPEB LIABILITY		
Service cost	\$ 651,960	\$ 669,889
Interest on total OPEB liability	610,096	695,599
Employer Contributions	-	(420,642)
Changes of assumptions	-	(922,346)
Benefit payments	(391,489)	-
Net change in total OPEB liability	870,567	22,500
Total OPEB liability - beginning	17,310,056	18,180,623
Total OPEB liability - ending	<u>\$ 18,180,623</u>	<u>\$ 18,203,123</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered-employee payroll	57,674,182	55,704,304
Net OPEB liability as a percentage of covered-employee payroll	31.52%	32.68%

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF GARDEN GROVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 97,570,787	\$ 97,570,787	\$ 110,241,920	\$ 12,671,133
Licenses and permits	1,687,722	1,687,722	2,565,448	877,726
Fines, forfeits and penalties	1,819,087	1,819,087	1,644,738	(174,349)
Investment earnings	1,702,497	1,702,497	3,415,620	1,713,123
Charges for current services	6,645,193	6,645,193	7,922,150	1,276,957
From other agencies	251,822	251,822	207,216	(44,606)
Other revenues	2,114,699	2,920,165	3,841,818	921,653
Total revenues	<u>111,791,807</u>	<u>112,597,273</u>	<u>129,838,910</u>	<u>17,241,637</u>
EXPENDITURES:				
Current:				
Fire	24,609,287	24,664,457	24,308,795	355,662
Police	57,119,798	57,444,563	54,851,012	2,593,551
Traffic safety	2,011,589	1,999,339	2,174,167	(174,828)
Public right of way	5,079,016	5,071,609	4,560,491	511,118
Community buildings	3,521,004	3,521,004	3,006,914	514,090
Community services	2,759,478	2,939,768	2,734,079	205,689
Economic development	1,179,135	3,790,482	884,492	2,905,990
Parks and greenbelts	1,152,435	1,152,435	1,200,071	(47,636)
Community planning and development	5,925,422	6,953,975	5,789,426	1,164,549
Municipal support	7,974,548	8,276,793	8,210,024	66,769
Capital outlay:				
Fire	-	-	-	-
Police	229,580	229,580	165,015	64,565
Traffic safety	-	-	-	-
Public right of way	234,000	1,117,088	308,067	809,021
Community buildings	-	2,800,000	2,846,439	(46,439)
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	579,874	579,874	579,874	-
Interest	1,064,018	1,064,018	1,064,018	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>113,439,184</u>	<u>121,604,985</u>	<u>112,682,884</u>	<u>8,922,101</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,647,377)</u>	<u>(9,007,712)</u>	<u>17,156,026</u>	<u>26,163,738</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,224,400	2,224,000	848,117	(1,375,883)
Transfers out	(637,900)	(637,900)	(554,862)	83,038
Total other financing sources (uses)	<u>1,586,500</u>	<u>1,586,100</u>	<u>293,255</u>	<u>(1,292,845)</u>
Net change in fund balance	(60,877)	(7,421,612)	17,449,281	24,870,893
Fund balance, beginning of year	<u>49,668,047</u>	<u>49,668,047</u>	<u>49,668,047</u>	-
Fund balance, end of year	<u>\$ 49,607,170</u>	<u>\$ 42,246,435</u>	<u>\$ 67,117,328</u>	<u>\$ 24,870,893</u>

See accompanying note to required supplementary information.



Other Supplemental Information

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CITY OF GARDEN GROVE SPECIAL REVENUE FUNDS

Public Safety Fund

Revenues received from the City's share of drug forfeit and seizure money, revenues received from the state under SB172, and various police grants are accounted for in this fund. These funds are used to help support the City's public safety operations.

State Gas Tax Fund

State gasoline taxes received by the City are accounted for in this fund. Revenue received is used for street maintenance, construction, and/or right of way acquisition.

Golf Course Fund

This fund was established to account for rental payments received from the lease of the Willowick Golf Course.

Self Supporting Revenue Fund

Recreation programs that are self supporting are accounted for in this fund.

Developer Fees Fund

Traffic mitigation and developer fees used to alleviate traffic and sewer problems caused by new development, cultural art fees to be used for City cultural arts projects and programs, park fees which are to be used for park development, drainage fees which are to be used to alleviate City drainage problems are some of the fees that are accounted for in the fund.

Garden Grove Cable Fund

This fund represents a grant from a private cable corporation of 2% and its cable usage revenue. Expenditures are for public, educational, and governmental access.

Street Lighting Fund

The purpose of this fund is to provide an accounting for the installation, operation, and maintenance of street lighting within the City. Revenues for this fund are received from property taxes collected by the County of Orange.

Park Maintenance

The purpose of this fund is to provide an accounting for the maintenance of parks within the City. Revenues for this fund are received from property taxes collected by the County of Orange.

Main Street District Fund

This fund is used to account for the maintenance of improvements on Main Street in downtown Garden Grove. Revenue for this fund are received from a property tax levy on the main street area.

Air Quality Improvement Fund

This fund is used to account for revenue received from the South Coast Air Quality Management District for the primary purpose of establishing a ride share program for City employees.

Other Grants and Contributions Fund

The City is the recipient of numerous other federal, state and county grants, plus contributions from other sources. These grants and contributions are accounted for in this fund.

**CITY OF GARDEN GROVE
SPECIAL REVENUE FUNDS (CONTINUED)**

Garden Grove Tourism Improvement District

This fund is used to account for the tourism marketing efforts through the Anaheim/Orange County Visitors and Convention Bureau and other activities and improvements that promote tourism in the Garden Grove Tourism Improvement District area.

Street Rehabilitation Fund

This fund is used to account for revenues received and expenditures made for various street rehabilitation projects.

HOME Grant Special Revenue Fund

The HOME Grant special revenue fund is used to account for the revenues received and expenditures made for the housing assistance program, which is funded by the U.S. Department of Housing and Urban Development.

CAPITAL PROJECTS FUNDS

Major Fund:

Housing Successor Agency Fund

Capital projects for low and moderate income housing are accounted for in this fund.

Nonmajor Funds:

Housing Authority Assets Fund

Capital projects with the Civic Center area are accounted for in this fund.

Public Safety Fund

Capital projects with Public Safety are accounted for in this fund.

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**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds			
	Public Safety	State Gas Tax	Golf Course	Self Supporting Revenue
ASSETS				
Cash and investments	\$ 1,458,451	\$ 6,349,225	\$ 696,521	\$ 106,106
Cash with fiscal agents	-	-	-	-
Taxes receivable	134,279	-	-	-
Accounts receivable	-	578,950	-	2,089
Interest receivable	3,400	28,851	-	-
Deposits and prepaid items	813	-	-	-
Inventory	-	-	3,943	-
Intergovernmental receivable	-	-	-	-
Notes receivable, net	-	-	-	-
Total assets	<u>\$ 1,596,943</u>	<u>\$ 6,957,026</u>	<u>\$ 700,464</u>	<u>\$ 108,195</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,134	\$ 799,446	\$ 158,497	\$ 14,729
Accrued liabilities	9,481	41,378	24,214	58,132
Refundable deposits	-	-	-	27,469
Unearned revenue	-	-	-	8,005
Due to other funds	-	-	-	-
Total liabilities	<u>18,615</u>	<u>840,824</u>	<u>182,711</u>	<u>108,335</u>
Fund balances:				
Restricted:				
Public safety	1,578,328	-	-	-
Public right of way	-	6,116,202	-	-
Drainage	-	-	-	-
Community planning and development	-	-	517,753	-
Community services	-	-	-	-
Unassigned	-	-	-	(140)
Total fund balances	<u>1,578,328</u>	<u>6,116,202</u>	<u>517,753</u>	<u>(140)</u>
Total liabilities and fund balances	<u>\$ 1,596,943</u>	<u>\$ 6,957,026</u>	<u>\$ 700,464</u>	<u>\$ 108,195</u>

Special Revenue Funds					
Developer Fees	Garden Grove Cable	Street Lighting	Park Maintenance	Main Street District	Air Quality Improvement
\$ 8,239,616	\$ -	\$ 361,713	\$ 41,030	\$ 210,825	\$ 555,689
-	-	-	-	-	-
-	-	9,166	4,538	-	-
-	9,996	1,352	38,225	252	19
34,254	-	657	-	941	2,504
-	3,749	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	53,347
-	-	-	-	-	-
<u>\$ 8,273,870</u>	<u>\$ 13,745</u>	<u>\$ 372,888</u>	<u>\$ 83,793</u>	<u>\$ 212,018</u>	<u>\$ 611,559</u>
\$ 141,526	\$ 3,552	\$ 336,391	\$ 16,550	\$ 3,611	\$ 2,939
27,237	10,914	3,590	968	-	484
-	-	-	-	-	-
-	-	-	-	-	-
-	39,011	-	-	-	-
<u>168,763</u>	<u>53,477</u>	<u>339,981</u>	<u>17,518</u>	<u>3,611</u>	<u>3,423</u>
-	-	-	-	-	-
1,421,499	-	32,907	-	208,407	608,136
273,269	-	-	-	-	-
2,158,818	-	-	66,275	-	-
4,251,521	-	-	-	-	-
-	(39,732)	-	-	-	-
<u>8,105,107</u>	<u>(39,732)</u>	<u>32,907</u>	<u>66,275</u>	<u>208,407</u>	<u>608,136</u>
<u>\$ 8,273,870</u>	<u>\$ 13,745</u>	<u>\$ 372,888</u>	<u>\$ 83,793</u>	<u>\$ 212,018</u>	<u>\$ 611,559</u>

(continued)

**CITY OF GARDEN GROVE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Special Revenue Funds		
	Other Grants and Contributions	GG Tourism Improvement District	Street Rehabilitation
ASSETS			
Cash and investments	\$ 3,523,903	\$ 424,966	\$ 2,155,830
Cash with fiscal agents	-	-	-
Taxes receivable	-	263,768	-
Accounts receivable	84,664	-	-
Interest receivable	2,205	-	9,588
Deposits and prepaid items	-	-	-
Inventory	-	-	-
Intergovernmental receivable	710,800	-	412,701
Notes receivable, net	3,259,033	-	-
Total assets	<u>\$ 7,580,605</u>	<u>\$ 688,734</u>	<u>\$ 2,578,119</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 753,737	\$ -	\$ 945,186
Accrued liabilities	7,599	426,081	37,971
Refundable deposits	-	-	-
Unearned revenue	55,229	-	-
Due to other funds	943,503	-	385,074
Total liabilities	<u>1,760,068</u>	<u>426,081</u>	<u>1,368,231</u>
Fund balances:			
Restricted			
Public safety	-	-	-
Public right of way	1,904,907	-	1,209,888
Drainage	-	-	-
Community planning and development	3,661,888	262,653	-
Community services	253,742	-	-
Unassigned	-	-	-
Total fund balances	<u>5,820,537</u>	<u>262,653</u>	<u>1,209,888</u>
Total liabilities and fund balances	<u>\$ 7,580,605</u>	<u>\$ 688,734</u>	<u>\$ 2,578,119</u>

Special Revenue Fund	Capital Project Funds		Total
HOME Grant Special Revenue Fund	Housing Authority Assets	Public Safety	Nonmajor Governmental Funds
\$ 328,416	\$ 639,471	\$ 352,680	\$ 25,444,442
-	-	1,561,857	1,561,857
-	-	-	411,751
-	1,714	-	717,261
1,130	2,809	-	86,339
-	-	-	4,562
-	-	-	3,943
6,692	-	-	1,183,540
16,512,217	1,739,701	-	21,510,951
<u>\$ 16,848,455</u>	<u>\$ 2,383,695</u>	<u>\$ 1,914,537</u>	<u>\$ 50,924,646</u>

\$ 3,703	\$ -	\$ -	\$ 3,189,001
50,117	-	282,718	980,884
-	-	-	27,469
-	-	-	63,234
-	-	-	1,367,588
<u>53,820</u>	<u>-</u>	<u>282,718</u>	<u>5,628,176</u>

-	-	1,631,819	3,210,147
-	-	-	11,501,946
-	-	-	273,269
16,794,635	2,383,695	-	25,845,717
-	-	-	4,505,263
-	-	-	(39,872)
<u>16,794,635</u>	<u>2,383,695</u>	<u>1,631,819</u>	<u>45,296,470</u>

<u>\$ 16,848,455</u>	<u>\$ 2,383,695</u>	<u>\$ 1,914,537</u>	<u>\$ 50,924,646</u>
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CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	Public Safety	State Gas Tax	Golf Course	Self Supporting Revenue
REVENUES:				
Taxes	\$ 775,709	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	91,262	-	-	-
Investment earnings	11,710	62,949	-	-
Charges for current services	57,890	-	187,483	738,052
From other agencies	404,820	6,875,499	-	-
Other revenues	-	-	-	819
Total revenues	<u>1,341,391</u>	<u>6,938,448</u>	<u>187,483</u>	<u>738,871</u>
EXPENDITURES:				
Current:				
Fire	151,095	-	-	-
Police	580,186	-	-	-
Traffic safety	-	405,792	-	-
Public right of way	-	2,380,698	-	-
Community services	-	-	-	929,264
Economic development	-	-	-	-
Parks and greenbelts	-	-	381,270	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	67,855	-	-	-
Police	435,508	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	2,094,625	-	-
Drainage	-	1,165	-	-
Community buildings	-	-	-	-
Parks and greenbelts	-	-	-	-
Total expenditures	<u>1,234,644</u>	<u>4,882,280</u>	<u>381,270</u>	<u>929,264</u>
Excess (deficiency) of revenues over (under) expenditures	<u>106,747</u>	<u>2,056,168</u>	<u>(193,787)</u>	<u>(190,393)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	188,028
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,028</u>
Net change in fund balances	106,747	2,056,168	(193,787)	(2,365)
Fund balance, beginning of year	<u>1,471,581</u>	<u>4,060,034</u>	<u>711,540</u>	<u>2,225</u>
Fund balance (deficit), end of year	<u>\$ 1,578,328</u>	<u>\$ 6,116,202</u>	<u>\$ 517,753</u>	<u>\$ (140)</u>

Special Revenue Funds					
Developer Fees	Garden Grove Cable	Street Lighting	Park Maintenance	Main Street District	Air Quality Improvement
\$ -	\$ -	\$ 46	\$ -	\$ -	\$ -
79,860	-	-	-	-	-
-	-	-	-	-	-
110,993	-	987	208	3,306	7,948
4,134,673	-	1,350,215	704,700	26,630	-
-	-	-	-	-	223,308
-	51,735	-	-	-	-
4,325,526	51,735	1,351,248	704,908	29,936	231,256
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,298,111	-	-	-
-	-	58,736	-	18,650	-
78,772	418,811	-	-	-	-
-	-	-	-	-	-
18,453	-	-	700,000	-	-
138,545	39,490	-	-	-	4,884
-	-	24,070	-	-	140,892
-	-	-	-	-	-
-	-	-	-	-	-
50,000	-	-	-	-	-
273,051	-	-	-	-	-
2,647	-	-	-	-	-
63,089	-	-	-	-	-
354,850	-	-	-	-	-
979,407	458,301	1,380,917	700,000	18,650	145,776
3,346,119	(406,566)	(29,669)	4,908	11,286	85,480
-	366,834	-	-	-	-
-	-	-	-	-	-
-	366,834	-	-	-	-
3,346,119	(39,732)	(29,669)	4,908	11,286	85,480
4,758,988	-	62,576	61,367	197,121	522,656
\$ 8,105,107	\$ (39,732)	\$ 32,907	\$ 66,275	\$ 208,407	\$ 608,136

(continued)

CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Special Revenue Funds		
	Other Grants and Contributions	GG Tourism Improvement District	Street Rehabilitation
REVENUES:			
Taxes	\$ -	\$ 3,060,518	\$ -
Licenses and permits	-	-	-
Fines, forfeits and penalties	1,114,311	-	-
Investment earnings	58,192	-	27,269
Charges for current services	-	-	-
From other agencies	2,968,028	-	2,814,575
Other revenues	5,514	-	-
Total revenues	<u>4,146,045</u>	<u>3,060,518</u>	<u>2,841,844</u>
EXPENDITURES:			
Current:			
Fire	23,526	-	-
Police	850,593	-	-
Traffic safety	403,705	-	-
Public right of way	67,873	-	20,567
Community services	480,840	-	213,582
Economic Development	-	2,327,198	-
Parks and greenbelts	-	-	-
Community planning and development	978,160	-	-
Municipal support	-	-	-
Capital outlay:			
Fire	23,010	-	-
Police	-	-	-
Traffic safety	-	-	361,957
Public right of way	1,144,483	-	3,235,283
Drainage	-	-	-
Community buildings	44,397	-	-
Parks and greenbelts	-	-	-
Total expenditures	<u>4,016,587</u>	<u>2,327,198</u>	<u>3,831,389</u>
Excess (deficiency) of revenues over (under) expenditures	<u>129,458</u>	<u>733,320</u>	<u>(989,545)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	(748,117)	-
Total other financing sources (uses)	<u>-</u>	<u>(748,117)</u>	<u>-</u>
Net change in fund balances	129,458	(14,797)	(989,545)
Fund balance, beginning of year	<u>5,691,079</u>	<u>277,450</u>	<u>2,199,433</u>
Fund balance (deficit), end of year	<u>\$ 5,820,537</u>	<u>\$ 262,653</u>	<u>\$ 1,209,888</u>

Special Revenue Fund		Capital Project Funds		Total
HOME Grant	Housing Authority Assets	Public Safety	Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$	3,836,273
-	-	-		79,860
-	-	-		1,205,573
420,656	78,897	11,950		795,065
-	-	-		7,199,643
106,012	-	-		13,392,242
25,389	-	-		83,457
552,057	78,897	11,950		26,592,113
-	-	-	\$	174,621
-	-	-		1,430,779
-	-	-		2,107,608
-	-	-		2,546,524
-	-	-		2,121,269
-	723	-		2,327,921
-	-	-		1,099,723
22,013	-	-		1,183,092
916,395	-	-		1,081,357
-	-	2,163,285		2,254,150
-	-	-		435,508
-	-	-		411,957
-	-	-		6,747,442
-	-	-		3,812
-	-	-		107,486
-	-	-		354,850
938,408	723	2,163,285		24,388,099
(386,351)	78,174	(2,151,335)		2,204,014
-	-	-		554,862
-	-	-		(748,117)
-	-	-		(193,255)
(386,351)	78,174	(2,151,335)		2,010,759
17,180,986	2,305,521	3,783,154		43,285,711
\$ 16,794,635	\$ 2,383,695	\$ 1,631,819	\$	45,296,470

CITY OF GARDEN GROVE
PUBLIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 725,000	\$ 725,000	\$ 775,709	\$ 50,709
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	40,000	40,000	91,262	51,262
Investment earnings	-	-	11,710	11,710
Charges for current services	55,000	55,000	57,890	2,890
From other agencies	250,000	250,000	404,820	154,820
Other revenues	-	-	-	-
Total revenues	<u>1,070,000</u>	<u>1,070,000</u>	<u>1,341,391</u>	<u>271,391</u>
EXPENDITURES:				
Current:				
Fire	128,012	328,377	151,095	177,282
Police	590,631	1,332,455	580,186	752,269
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	178,200	178,200	67,855	110,345
Police	233,500	275,164	435,508	(160,344)
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,130,343</u>	<u>2,114,196</u>	<u>1,234,644</u>	<u>879,552</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,343)</u>	<u>(1,044,196)</u>	<u>106,747</u>	<u>1,150,943</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(60,343)	(1,044,196)	106,747	1,150,943
Fund balance, beginning of year	<u>1,471,581</u>	<u>1,471,581</u>	<u>1,471,581</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,411,238</u>	<u>\$ 427,385</u>	<u>\$ 1,578,328</u>	<u>\$ 1,150,943</u>

CITY OF GARDEN GROVE
STATE GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	31,000	31,000	62,949	31,949
Charges for current services	-	-	-	-
From other agencies	6,550,000	6,550,000	6,875,499	325,499
Other revenues	2,000	2,000	-	(2,000)
Total revenues	<u>6,583,000</u>	<u>6,583,000</u>	<u>6,938,448</u>	<u>355,448</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	333,085	381,085	405,792	(24,707)
Public right of way	1,666,915	2,397,999	2,380,698	17,301
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	87,895	-	87,895
Public right of way	5,003,000	7,398,129	2,094,625	5,303,504
Drainage	-	-	1,165	(1,165)
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>7,003,000</u>	<u>10,265,108</u>	<u>4,882,280</u>	<u>5,382,828</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(420,000)</u>	<u>(3,682,108)</u>	<u>2,056,168</u>	<u>5,738,276</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(420,000)	(3,682,108)	2,056,168	5,738,276
Fund balance, beginning of year	<u>4,060,034</u>	<u>4,060,034</u>	<u>4,060,034</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,640,034</u>	<u>\$ 377,926</u>	<u>\$ 6,116,202</u>	<u>\$ 5,738,276</u>

CITY OF GARDEN GROVE
GOLF COURSE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	350,000	350,000	187,483	(162,517)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	350,000	350,000	187,483	(162,517)
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	78,448	532,259	381,270	150,989
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	78,448	532,259	381,270	150,989
Excess (deficiency) of revenues over (under) expenditures	271,552	(182,259)	(193,787)	(11,528)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	271,552	(182,259)	(193,787)	(11,528)
Fund balance, beginning of year	711,540	711,540	711,540	-
Fund balance, end of year	\$ 983,092	\$ 529,281	\$ 517,753	\$ (11,528)

CITY OF GARDEN GROVE
SELF SUPPORTING REVENUE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	675,000	675,000	738,052	63,052
From other agencies	-	-	-	-
Other revenues	-	-	819	819
Total revenues	<u>675,000</u>	<u>675,000</u>	<u>738,871</u>	<u>63,871</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	946,090	946,090	929,264	16,826
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>946,090</u>	<u>946,090</u>	<u>929,264</u>	<u>16,826</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(271,090)</u>	<u>(271,090)</u>	<u>(190,393)</u>	<u>80,697</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	271,100	271,100	188,028	(83,072)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>271,100</u>	<u>271,100</u>	<u>188,028</u>	<u>(83,072)</u>
Net change in fund balance	10	10	(2,365)	(2,375)
Fund balance, beginning of year	<u>2,225</u>	<u>2,225</u>	<u>2,225</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 2,235</u>	<u>\$ 2,235</u>	<u>\$ (140)</u>	<u>\$ (2,375)</u>

CITY OF GARDEN GROVE
DEVELOPER FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	27,000	27,000	79,860	52,860
Fines, forfeits and penalties	-	-	-	-
Investment earnings	217,000	217,000	110,993	(106,007)
Charges for current services	657,000	657,000	4,134,673	3,477,673
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	901,000	901,000	4,325,526	3,424,526
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	82,178	78,772	3,406
Economic development	-	-	-	-
Parks and greenbelts	30,000	30,000	18,453	11,547
Community planning and development	238,723	540,308	138,545	401,763
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	50,000	50,000	-
Public right of way	117,000	491,174	273,051	218,123
Drainage	-	152,462	2,647	149,815
Community buildings	100,000	181,707	63,089	118,618
Community services	-	-	-	-
Parks and greenbelts	410,000	940,511	354,850	585,661
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	895,723	2,468,340	979,407	1,488,933
Excess (deficiency) of revenues over (under) expenditures	5,277	(1,567,340)	3,346,119	4,913,459
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	5,277	(1,567,340)	3,346,119	4,913,459
Fund balance, beginning of year	4,758,988	4,758,988	4,758,988	-
Fund balance, end of year	\$ 4,764,265	\$ 3,191,648	\$ 8,105,107	\$ 4,913,459

CITY OF GARDEN GROVE
GARDEN GROVE CABLE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	90,000	90,000	51,735	(38,265)
Total revenues	90,000	90,000	51,735	(38,265)
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	418,612	418,612	418,811	(199)
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	36,977	36,977	39,490	(2,513)
Municipal support	1,245	1,245	-	1,245
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	456,834	456,834	458,301	(1,467)
Excess (deficiency) of revenues over (under) expenditures	(366,834)	(366,834)	(406,566)	(39,732)
OTHER FINANCING SOURCES (USES):				
Transfers in	366,800	366,800	366,834	34
Transfers out	-	-	-	-
Total other financing sources (uses)	366,800	366,800	366,834	34
Net change in fund balance	(34)	(34)	(39,732)	(39,698)
Fund balance, beginning of year	-	-	-	-
Fund balance (deficit), end of year	\$ (34)	\$ (34)	\$ (39,732)	\$ (39,698)

CITY OF GARDEN GROVE
STREET LIGHTING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ 46	\$ 46
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	987	987
Charges for current services	1,380,917	1,380,917	1,350,215	(30,702)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>1,380,917</u>	<u>1,380,917</u>	<u>1,351,248</u>	<u>(29,669)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	1,326,316	1,326,316	1,298,111	28,205
Public right of way	32,920	32,920	58,736	(25,816)
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	21,681	21,681	24,070	(2,389)
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,380,917</u>	<u>1,380,917</u>	<u>1,380,917</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(29,669)</u>	<u>(29,669)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(29,669)	(29,669)
Fund balance, beginning of year	<u>62,576</u>	<u>62,576</u>	<u>62,576</u>	<u>-</u>
Fund balance, end of year	<u>\$ 62,576</u>	<u>\$ 62,576</u>	<u>\$ 32,907</u>	<u>\$ (29,669)</u>

CITY OF GARDEN GROVE
PARK MAINTENANCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	208	208
Charges for current services	700,000	700,000	704,700	4,700
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	700,000	700,000	704,908	4,908
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	700,000	700,000	700,000	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	700,000	700,000	700,000	-
Excess (deficiency) of revenues over (under) expenditures	-	-	4,908	4,908
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	4,908	4,908
Fund balance, beginning of year	61,367	61,367	61,367	-
Fund balance, end of year	\$ 61,367	\$ 61,367	\$ 66,275	\$ 4,908

CITY OF GARDEN GROVE
MAIN STREET DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	3,306	3,306
Charges for current services	26,700	26,700	26,630	(70)
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	26,700	26,700	29,936	3,236
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	42,543	141,981	18,650	123,331
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	42,543	141,981	18,650	123,331
Excess (deficiency) of revenues over (under) expenditures	(15,843)	(115,281)	11,286	126,567
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(15,843)	(115,281)	11,286	126,567
Fund balance, beginning of year	197,121	197,121	197,121	-
Fund balance, end of year	\$ 181,278	\$ 81,840	\$ 208,407	\$ 126,567

CITY OF GARDEN GROVE
AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	7,948	7,948
Charges for current services	-	-	-	-
From other agencies	226,100	226,100	223,308	(2,792)
Other revenues	-	-	-	-
Total revenues	226,100	226,100	231,256	5,156
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	18,030	18,030	4,884	13,146
Municipal support	172,201	412,494	140,892	271,602
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	12,000	12,000	-	12,000
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	202,231	442,524	145,776	296,748
Excess (deficiency) of revenues over (under) expenditures	23,869	(216,424)	85,480	301,904
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	23,869	(216,424)	85,480	301,904
Fund balance, beginning of year	522,656	522,656	522,656	-
Fund balance, end of year	\$ 546,525	\$ 306,232	\$ 608,136	\$ 301,904

CITY OF GARDEN GROVE
OTHER GRANTS AND CONTRIBUTIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	700,000	700,000	1,114,311	414,311
Investment earnings	-	-	58,192	58,192
Charges for current services	-	-	-	-
From other agencies	3,655,116	3,955,116	2,968,028	(987,088)
Other revenues	-	-	5,514	5,514
Total revenues	<u>4,355,116</u>	<u>4,655,116</u>	<u>4,146,045</u>	<u>(509,071)</u>
EXPENDITURES:				
Current:				
Fire	-	53,520	23,526	29,994
Police	517,511	1,140,726	850,593	290,133
Traffic safety	572,910	572,910	403,705	169,205
Public right of way	92,598	158,171	67,873	90,298
Community buildings	-	-	-	-
Community services	546,749	647,732	480,840	166,892
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	1,020,632	2,444,095	978,160	1,465,935
Municipal support	-	-	-	-
Sewer/refuse	-	-	-	-
Capital outlay:				
Fire	-	-	23,010	(23,010)
Police	-	-	-	-
Traffic safety	100,000	458,747	-	458,747
Public right of way	2,310,500	4,142,236	1,144,483	2,997,753
Drainage	-	-	-	-
Community buildings	-	50,000	44,397	5,603
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,160,900</u>	<u>9,668,137</u>	<u>4,016,587</u>	<u>5,651,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(805,784)</u>	<u>(5,013,021)</u>	<u>129,458</u>	<u>5,142,479</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(805,784)	(5,013,021)	129,458	5,142,479
Fund balance, beginning of year	<u>5,691,079</u>	<u>5,691,079</u>	<u>5,691,079</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,885,295</u>	<u>\$ 678,058</u>	<u>\$ 5,820,537</u>	<u>\$ 5,142,479</u>

CITY OF GARDEN GROVE
GARDEN GROVE TOURISM IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 3,431,598	\$ 3,431,598	\$ 3,060,518	\$ (371,080)
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	-	-
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	3,431,598	3,431,598	3,060,518	(371,080)
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	2,607,236	3,019,482	2,327,198	692,284
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,607,236	3,019,482	2,327,198	692,284
Excess (deficiency) of revenues over (under) expenditures	824,362	412,116	733,320	321,204
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(824,400)	(824,400)	(748,117)	76,283
Total other financing sources (uses)	(824,400)	(824,400)	(748,117)	76,283
Net change in fund balance	(38)	(412,284)	(14,797)	397,487
Fund balance, beginning of year	277,450	277,450	277,450	-
Fund balance (deficit), end of year	\$ 277,412	\$ (134,834)	\$ 262,653	\$ 397,487

CITY OF GARDEN GROVE
STREET REHABILITATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	19,882	19,882	27,269	7,387
Charges for current services	-	-	-	-
From other agencies	4,684,588	4,684,588	2,814,575	(1,870,013)
Other revenues	-	-	-	-
Total revenues	<u>4,704,470</u>	<u>4,704,470</u>	<u>2,841,844</u>	<u>(1,862,626)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	20,567	(20,567)
Community buildings	-	-	-	-
Community services	184,000	248,602	213,582	35,020
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	10,800	389,552	361,957	27,595
Public right of way	4,849,670	6,771,255	3,235,283	3,535,972
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,044,470</u>	<u>7,409,409</u>	<u>3,831,389</u>	<u>3,578,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(340,000)</u>	<u>(2,704,939)</u>	<u>(989,545)</u>	<u>1,715,394</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(340,000)</u>	<u>(2,704,939)</u>	<u>(989,545)</u>	<u>1,715,394</u>
Fund balance, beginning of year	<u>2,199,433</u>	<u>2,199,433</u>	<u>2,199,433</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 1,859,433</u>	<u>\$ (505,506)</u>	<u>\$ 1,209,888</u>	<u>\$ 1,715,394</u>

CITY OF GARDEN GROVE
HOME GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	420,656	420,656
Charges for current services	-	-	-	-
From other agencies	836,883	836,883	106,012	(730,871)
Other revenues	-	-	25,389	25,389
Total revenues	<u>836,883</u>	<u>836,883</u>	<u>552,057</u>	<u>(284,826)</u>
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	836,883	2,291,190	22,013	2,269,177
Municipal support	-	-	916,395	(916,395)
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>836,883</u>	<u>2,291,190</u>	<u>938,408</u>	<u>1,352,782</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,454,307)</u>	<u>(386,351)</u>	<u>1,067,956</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(1,454,307)	(386,351)	1,067,956
Fund balance, beginning of year	<u>17,180,986</u>	<u>17,180,986</u>	<u>17,180,986</u>	<u>-</u>
Fund balance, end of year	<u>\$ 17,180,986</u>	<u>\$ 15,726,679</u>	<u>\$ 16,794,635</u>	<u>\$ 1,067,956</u>

CITY OF GARDEN GROVE
HOUSING SUCCESSOR AGENCY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	39,813	39,813	132,893	93,080
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	14,332	14,332
Total revenues	39,813	39,813	147,225	107,412
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	244,170	244,170	151,528	92,642
Municipal support	-	-	61,214	(61,214)
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	244,170	244,170	212,742	31,428
Excess (deficiency) of revenues over (under) expenditures	(204,357)	(204,357)	(65,517)	138,840
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(204,357)	(204,357)	(65,517)	138,840
Fund balance, beginning of year, as restated	22,317,481	22,317,481	22,317,481	-
Fund balance, end of year	\$ 22,113,124	\$ 22,113,124	\$ 22,251,964	\$ 138,840

See accompanying note to required supplementary information.

CITY OF GARDEN GROVE
HOUSING AUTHORITY ASSETS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	68,268	68,268	78,897	10,629
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	68,268	68,268	78,897	10,629
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Economic development	37,000	71,850	723	71,127
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	37,000	71,850	723	71,127
Excess (deficiency) of revenues over (under) expenditures	31,268	(3,582)	78,174	81,756
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	31,268	(3,582)	78,174	81,756
Fund balance, beginning of year	2,305,521	2,305,521	2,305,521	-
Fund balance, end of year	\$ 2,336,789	\$ 2,301,939	\$ 2,383,695	\$ 81,756

CITY OF GARDEN GROVE
PUBLIC SAFETY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines, forfeits and penalties	-	-	-	-
Investment earnings	-	-	11,950	11,950
Charges for current services	-	-	-	-
From other agencies	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	11,950	11,950
EXPENDITURES:				
Current:				
Fire	-	-	-	-
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Community buildings	-	15,000	-	15,000
Community services	-	-	-	-
Economic development	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Capital outlay:				
Fire	-	2,224,769	2,163,285	61,484
Police	-	-	-	-
Traffic safety	-	-	-	-
Public right of way	-	-	-	-
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	-	-	-	-
Parks and greenbelts	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	2,239,769	2,163,285	76,484
Excess (deficiency) of revenues over (under) expenditures	-	(2,239,769)	(2,151,335)	88,434
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(2,239,769)	(2,151,335)	88,434
Fund balance, beginning of year	3,783,154	3,783,154	3,783,154	-
Fund balance, end of year	\$ 3,783,154	\$ 1,543,385	\$ 1,631,819	\$ 88,434

**CITY OF GARDEN GROVE
INTERNAL SERVICE FUNDS**

Workers' Compensation Fund

The City's self-funded workers' compensation program, which is accounted for in this fund, is financed by charges to all City departments based on number and classification of employees. Expenses include operating costs and all payments relating to injured employees.

Fleet Management Fund

The costs of operating and maintaining City owned vehicles and other gasoline-powered equipment are accounted for in this fund. The fund is financed by charges to the various City departments for actual cost plus a contributory sum for vehicles/equipment replacement. Actual costs include depreciation, maintenance and other factors necessary for the provision of the service.

Employee Benefits Fund

This fund encompasses all other employee benefits such as retirement contributions, health, dental, disability, life insurance, and sick leave, vacation, and other paid leaves. Revenues for this fund are derived from periodic charges to all departments based on the number of employees, length of service, and insurance coverage. Funds are used to pay actual expenses and to accrue existing liabilities.

Information Systems Fund

This fund encompasses the cost of operating and maintaining the City's computer system. The fund is financed by charges to the various City departments based on computer usage.

Warehouse Operations Fund

This fund is used to account for the provision of materials and supplies to the various City departments. Financing is provided by the user City departments by payment of costs of material and supplies plus an overhead charge.

Telephone System Fund

This fund accounts for the operation of the City's telephone system. The financing comes from charges to the various City departments based on actual toll charges and the lease cost prorated on the number of instruments.

Risk Management Fund

This fund is used to account for the City's self-insured liability program and for the purchase of various types of property and casualty insurance protection as required by the City. The funds are used to pay any liability losses, program operating costs, insurance premiums and insurance deductibles. Revenues for this fund are generated from assessments made to all City departments for their pro-rata share of the total costs of the insurance administration program.

Communication Replacement Fund

This fund is used to account for both the operating and capital costs of the City's communication system in relation to the county-wide 800MHZ backbone project. Funds are used to pay for the City's backbone costs and the capital costs incurred to upgrade its communications equipment to integrate with the county-wide communications system. The financing comes from charges to the various City departments based on an allocation of actual costs. Actual costs include depreciation and maintenance.

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019**

	Workers' Compensation	Fleet Management	Employee Benefits	Information Systems
ASSETS				
Current Assets:				
Cash and cash investments	\$ 39,166,697	\$ 34,989,267	\$ 7,434,154	\$ 3,855,939
Accounts receivable, net	-	4,804	75,049	-
Interest receivable	275,941	-	-	17,479
Due from other funds	1,600,535	-	1,503,794	-
Inventory	-	86,427	-	-
Prepaid Items	-	-	685,873	42,380
Total current assets	41,043,173	35,080,498	9,698,870	3,915,798
Noncurrent Assets:				
Deposits	-	-	-	1,720
Intercity loans receivable	-	2,803,542	-	-
Capital assets				
Construction in progress	-	163,544	-	-
Depreciable capital assets, net	-	9,808,380	-	312,626
Total noncurrent assets	-	12,775,466	-	314,346
Total assets	41,043,173	47,855,964	9,698,870	4,230,144
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related	-	4,094	-	11,772
Pension related	-	418,130	-	801,294
Total Deferred Outflows	-	422,224	-	813,066
LIABILITIES				
Current Liabilities:				
Accounts payable	2,700	214,920	567,511	67,910
Accrued liabilities	47,138	41,163	367,423	72,388
Interest payable	-	-	-	57
Current portion of long term liabilities				
Capital leases	-	-	-	61,984
Accrued compensated absences	-	-	6,576,977	-
Claims payable	5,348,000	-	-	-
Total current liabilities	5,397,838	256,083	7,511,911	202,339
Noncurrent liabilities:				
Capital leases	-	-	-	125,961
Accrued compensated absences	-	-	571,911	-
Claims payable	30,580,000	-	-	-
Intercity loans payable	-	-	-	-
Net pension liability	-	2,635,997	-	5,051,562
OPEB liability	-	159,327	-	458,065
Total noncurrent liabilities	30,580,000	2,795,324	571,911	5,635,588
Total liabilities	35,977,838	3,051,407	8,083,822	5,837,927
DEFERRED INFLOWS OF RESOURCES				
OPEB related	-	7,289	-	20,957
Pension related	-	147,982	-	283,589
Total Deferred Inflows	-	155,271	-	304,546
NET POSITION				
Net investment in capital assets	-	9,971,924	-	124,681
Unrestricted	5,065,335	35,099,586	1,615,048	(1,223,944)
Total net position (deficit)	\$ 5,065,335	\$ 45,071,510	\$ 1,615,048	\$ (1,099,263)

Warehouse Operations	Telephone System	Risk Management	Communication Replacement	Total
\$ 627,019	\$ 1,840,382	\$ 15,494,689	\$ 812,618	\$ 104,220,765
-	-	-	-	79,853
-	-	68,425	-	361,845
-	-	-	-	3,104,329
387,330	-	-	-	473,757
-	8,783	36,815	-	773,851
1,014,349	1,849,165	15,599,929	812,618	109,014,400
-	-	-	-	1,720
-	-	2,590,532	-	5,394,074
-	-	-	-	163,544
-	186,085	-	2,507,567	12,814,658
-	186,085	2,590,532	2,507,567	18,373,996
1,014,349	2,035,250	18,190,461	3,320,185	127,388,396
-	-	-	-	15,866
-	-	-	-	1,219,424
-	-	-	-	1,235,290
31,173	8,775	118,088	-	1,011,077
12,427	5,832	11,707	-	558,078
-	-	-	-	57
-	49,623	-	-	111,607
-	-	-	-	6,576,977
-	-	2,776,441	-	8,124,441
43,600	64,230	2,906,236	-	16,382,237
-	99,246	-	-	225,207
-	-	-	-	571,911
-	-	2,678,000	-	33,258,000
-	-	-	2,803,542	2,803,542
-	-	-	-	7,687,559
-	-	-	-	617,392
-	99,246	2,678,000	2,803,542	45,163,611
43,600	163,476	5,584,236	2,803,542	61,545,848
-	-	-	-	28,246
-	-	-	-	431,571
-	-	-	-	459,817
-	37,216	-	2,507,567	12,641,388
970,749	1,834,558	12,606,225	(1,990,924)	53,976,633
\$ 970,749	\$ 1,871,774	\$ 12,606,225	\$ 516,643	\$ 66,618,021

CITY OF GARDEN GROVE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Workers' Compensation	Fleet Management	Employee Benefits	Information Systems
Operating revenues:				
Charges for services	\$ 6,042,819	\$ 8,218,036	\$ 43,590,832	\$ 2,488,087
Other	-	-	-	-
Total operating revenues	<u>6,042,819</u>	<u>8,218,036</u>	<u>43,590,832</u>	<u>2,488,087</u>
Operating expenses:				
Salaries and wages	1,326,931	1,285,370	11,547,992	2,393,424
Employee benefits	-	-	33,011,738	-
Contractual services	26,751	659,978	73,724	274,713
Liability claims	7,735,438	213,835	-	25,010
Materials and supplies	-	1,400,602	294,743	138,357
Depreciation	-	1,091,570	-	113,493
Total operating expenses	<u>9,089,120</u>	<u>4,651,355</u>	<u>44,928,197</u>	<u>2,944,997</u>
Operating (loss) income	<u>(3,046,301)</u>	<u>3,566,681</u>	<u>(1,337,365)</u>	<u>(456,910)</u>
Nonoperating revenues (expenses):				
Investment income	2,536,256	37,756	-	58,653
Gain (loss) on disposal of assets	-	71,231	-	(536,900)
Interest expense	-	-	-	(2,686)
Total nonoperating revenue (expenses)	<u>2,536,256</u>	<u>108,987</u>	<u>-</u>	<u>(480,933)</u>
(Loss) income before transfers and capital contributions	(510,045)	3,675,668	(1,337,365)	(937,843)
Capital contributions	-	39,508	-	-
Transfers in	-	-	-	1,000,000
Transfers out	-	-	-	-
Change in net position	(510,045)	3,715,176	(1,337,365)	62,157
Total net position, beginning of year,	<u>5,575,380</u>	<u>41,356,334</u>	<u>2,952,413</u>	<u>(1,161,420)</u>
Total net position (deficit), end of year	<u><u>\$ 5,065,335</u></u>	<u><u>\$ 45,071,510</u></u>	<u><u>\$ 1,615,048</u></u>	<u><u>\$ (1,099,263)</u></u>

Warehouse Operations	Telephone System	Risk Management	Communication Replacement	Total
\$ 491,336	\$ 631,779	\$ 1,603,537	\$ 600,000	\$ 63,666,426
-	-	-	-	-
491,336	631,779	1,603,537	600,000	63,666,426
282,875	124,912	316,276	-	17,277,780
-	-	-	-	33,011,738
-	434,270	1,449,869	-	2,919,305
33,840	-	2,797,787	-	10,805,910
1,150	8,126	1,993	-	1,844,971
-	62,029	-	296,991	1,564,083
317,865	629,337	4,565,925	296,991	67,423,787
173,471	2,442	(2,962,388)	303,009	(3,757,361)
-	-	598,931	-	3,231,596
-	-	(100,000)	-	(565,669)
-	-	-	(37,756)	(40,442)
-	-	498,931	(37,756)	2,625,485
173,471	2,442	(2,463,457)	265,253	(1,131,876)
-	-	-	-	39,508
-	-	-	-	1,000,000
-	-	(100,000)	-	(100,000)
173,471	2,442	(2,563,457)	265,253	(192,368)
797,278	1,869,332	15,169,682	251,390	66,810,389
\$ 970,749	\$ 1,871,774	\$ 12,606,225	\$ 516,643	\$ 66,618,021

**CITY OF GARDEN GROVE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Workers' Compensation	Fleet Management	Employee Benefits	Information Systems
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from user departments	\$ 5,970,566	\$ 8,202,739	\$ 39,082,114	\$ 2,490,209
Payments to suppliers	(5,412,598)	(1,722,896)	-	(574,636)
Payments to employees	(1,326,731)	(1,167,339)	(12,388,253)	(1,922,318)
Payments for employee benefits	-	-	(28,968,549)	-
Net cash (used) provided by operating activities	(768,763)	5,312,504	(2,274,688)	(6,745)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES				
Cash received from other funds	1,417,812	400,506	-	1,000,000
Cash paid to other funds	(1,367,589)	-	(1,503,794)	-
Net cash provided (used) by non capital financing activities	50,223	400,506	(1,503,794)	1,000,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	(1,917,617)	-	(586,599)
Proceeds from sale of capital assets	-	73,094	-	-
Payments on lease purchase agreement	-	-	-	(61,132)
Interest paid	-	-	-	(2,705)
Net cash (used) by capital and related financing activities	-	(1,844,523)	-	(650,436)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earnings	900,554	37,756	-	47,611
Increase in fair value of investments	1,557,139	-	-	-
Net cash provided by investing activities	2,457,693	37,756	-	47,611
Net increase (decrease) in cash and cash equivalents	1,739,153	3,906,243	(3,778,482)	390,430
Cash and cash equivalents, beginning of year	37,427,544	31,083,024	11,212,636	3,465,509
Cash and cash equivalents, end of year	\$ 39,166,697	\$ 34,989,267	\$ 7,434,154	\$ 3,855,939
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating (loss) income	\$ (3,046,301)	\$ 3,566,681	\$ (1,337,365)	\$ (456,910)
Adjustments to reconcile operating (loss) income to net cash (used) provided by operating activities:				
Depreciation expense	-	1,091,570	-	113,493
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(116,690)	12,730	11,902	-
(Increase) decrease in inventory	-	(45,878)	-	-
(Increase) decrease in prepaid expense	-	398,490	(685,873)	(26,760)
Increase (decrease) in accounts payable	(168,400)	170,879	30,650	(107,676)
Increase (decrease) in compensated absences	-	-	(442,119)	-
Increase (decrease) in accrued liabilities	(20,372)	15,578	149,570	24,332
Increase (decrease) in refundable deposits	-	-	(1,453)	-
Increase (decrease) in claims payable	2,583,000	-	-	-
Increase (decrease) in OPEB liability and related changes in deferred outflows and inflows of resources	-	7,002	-	20,129
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	-	95,452	-	426,647
Total adjustments	2,277,538	1,745,823	(937,323)	450,165
Net cash (used) provided by operating activities	\$ (768,763)	\$ 5,312,504	\$ (2,274,688)	\$ (6,745)

Warehouse Operations	Telephone System	Risk Management	Communication Replacement	Total
\$ 425,217	\$ 631,311	\$ 1,603,476	\$ 600,000	\$ 59,005,632
(32,368)	(489,285)	(2,781,395)	(10,178)	(11,023,356)
(275,614)	(122,250)	(313,700)	-	(17,516,205)
-	-	-	-	(28,968,549)
117,235	19,776	(1,491,619)	589,822	1,497,522
-	-	260,018	-	3,078,336
-	-	(2,950,550)	(438,262)	(6,260,195)
-	-	(2,690,532)	(438,262)	(3,181,859)
-	-	(100,000)	(45,064)	(2,649,280)
-	-	-	-	73,094
-	(49,622)	-	-	(110,754)
-	-	-	-	(2,705)
-	(49,622)	(100,000)	(45,064)	(2,689,645)
-	-	361,654	-	1,347,575
-	-	253,221	-	1,810,360
-	-	614,875	-	3,157,935
117,235	(29,846)	(3,667,276)	106,496	(1,216,047)
509,784	1,870,228	19,161,965	706,122	105,436,812
\$ 627,019	\$ 1,840,382	\$ 15,494,689	\$ 812,618	\$ 104,220,765
\$ 173,471	\$ 2,442	\$ (2,962,388)	\$ 303,009	(3,757,361)
-	62,029	-	296,991	1,564,083
-	-	-	-	(92,058)
14,298	-	(36,815)	-	(68,395)
-	(8,783)	-	-	(322,926)
(77,794)	(38,575)	83,568	(10,178)	(117,526)
-	-	-	-	(442,119)
7,260	2,663	2,575	-	181,606
-	-	-	-	(1,453)
-	-	1,421,441	-	4,004,441
-	-	-	-	27,131
-	-	-	-	522,099
(56,236)	17,334	1,470,769	286,813	5,254,883
\$ 117,235	\$ 19,776	\$ (1,491,619)	\$ 589,822	\$ 1,497,522

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Statistical Section

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Statistical Section

This part of the City of Garden Grove Comprehensive Annual Financial Report provides detailed information to better understand information presented within the Financial Statements, note disclosures, and required supplementary information say about the City's overall financial health.

Financial Trends

These schedules contain trend information to assist the reader understand and assess how the City's financial position has changed over time.

Schedule I	-	Net Position by Component
Schedule II	-	Changes in Net Position
Schedule III	-	Balance of Governmental Funds
Schedule IV	-	Changes in Fund Balances of Governmental Funds
Schedule V	-	General Government Major Tax Revenues by Source

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Schedule VI	-	Assessed Value and Estimated Actual Value of Taxable Property
Schedule VII	-	Property Tax Rates Direct and Overlapping Governments
Schedule VIII	-	Principal Property Tax Payers
Schedule IX	-	Property Tax Levies and Collections

Debt Capacity

This information is intended to assist the user in understanding and assessing the affordability of the City's outstanding debt and the City's ability to issue additional debt.

Schedule X	-	Ratios of Outstanding Debt by Type
Schedule XI	-	Ratios of General Bonded Debt Outstanding
Schedule XII	-	Direct and Overlapping Bonds and Debt
Schedule XIII	-	Legal Debt Margin Information
Schedule XIV	-	Pledged-Revenue Coverage

Demographics and Economic Information

This information assists the reader in understanding the socioeconomic environment within which the City's financial activities take place.

Schedule XV	-	Demographic and Economic Statistics
Schedule XVI	-	Principal Employers

Operating Information

Provides service and infrastructure information to assist readers using the City's financial statement to understand how it relates to the services and activities performed by the City.

Schedule XVII	-	Full-Time and Part-Time City Employees by Department
Schedule XVIII	-	Operating Indicators by Function
Schedule XIX	-	Capital Assets Statistics by Function

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

The City implemented GASB 34 in FY 2002; the government-wide schedules include information beginning in that year.

The City implemented GASB 54 in FY 2011; the balance of governmental funds schedule include information beginning in that year.

The City implemented GASB 65 in FY 2013; as a result, effective FY 2013, the names of Schedule I and Schedule II are changed to "Net Position by Component" and "Changes in Net Position", respectively.

The City implemented GASB 68 in FY 2015; the government-wide schedules include information beginning in that year.

**SCHEDULE I
CITY OF GARDEN GROVE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(In Thousands)**

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities:				
Net investment in				
capital assets	\$ 553,141	\$ 560,993	\$ 643,306	\$ 643,095
Restricted	94,568	97,634	29,975	22,114
Unrestricted	129,445	129,866	119,190	123,504
Total governmental				
activities net position	<u>\$ 777,154</u>	<u>\$ 788,493</u>	<u>\$ 792,471</u>	<u>\$ 788,713</u>
Business-type activities:				
Net investment in				
capital assets	\$ 85,079	\$ 88,713	\$ 89,607	\$ 97,657
Restricted	-	-	-	-
Unrestricted	28,226	45,395	36,861	39,457
Total business-type				
activities net position	<u>\$ 113,305</u>	<u>\$ 134,108</u>	<u>\$ 126,468</u>	<u>\$ 137,114</u>
Primary government:				
Net investment in				
capital assets	\$ 638,220	\$ 649,706	\$ 732,913	\$ 740,752
Restricted	94,568	97,634	29,975	22,114
Unrestricted	157,671	175,261	156,051	162,961
Total primary government				
net position	<u>\$ 890,459</u>	<u>\$ 922,601</u>	<u>\$ 918,939</u>	<u>\$ 925,827</u>

The City of Garden Grove implemented GASB 63 and GASB 65 for the fiscal year ended June 30, 2013, and GASB 68 for the fiscal year ended June 30, 2015.

Source: Finance Department, City of Garden Grove

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 644,220	\$ 642,786	\$ 641,661	\$ 631,964	\$ 622,932	\$ 621,163
22,150	17,848	21,967	24,613	65,456	69,820
117,646	(83,857)	(88,223)	(86,633)	(111,538)	(104,976)
<u>\$ 784,016</u>	<u>\$ 576,777</u>	<u>\$ 575,405</u>	<u>\$ 569,944</u>	<u>\$ 576,850</u>	<u>\$ 586,007</u>
\$ 107,299	\$ 111,947	\$ 117,488	\$ 118,371	\$ 119,954	\$ 125,805
-	-	-	-	-	-
44,291	29,703	26,011	28,288	29,677	32,485
<u>\$ 151,590</u>	<u>\$ 141,650</u>	<u>\$ 143,499</u>	<u>\$ 146,659</u>	<u>\$ 149,631</u>	<u>\$ 158,290</u>
\$ 751,519	\$ 754,733	\$ 759,149	\$ 750,335	\$ 742,886	\$ 746,968
22,150	17,848	21,967	24,613	65,456	69,820
161,937	(54,154)	(62,212)	(58,345)	(81,861)	(72,491)
<u>\$ 935,606</u>	<u>\$ 718,427</u>	<u>\$ 718,904</u>	<u>\$ 716,603</u>	<u>\$ 726,481</u>	<u>\$ 744,297</u>

**SCHEDULE II
CITY OF GARDEN GROVE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(In Thousands)**

	Fiscal Year			
	2010	2011	2012	2013
Expenses:				
Governmental activities:				
Fire	\$ 18,757	\$ 18,710	\$ 19,497	\$ 20,273
Police	42,554	44,899	44,751	45,467
Traffic safety	3,570	2,905	3,197	3,097
Public right of way	16,143	13,013	14,768	16,541
Drainage	1,352	1,374	1,417	1,426
Community buildings	4,519	4,319	4,961	4,596
Community services	4,389	4,088	4,430	4,452
Economic Development	-	-	-	-
Parks and greenbelts	2,098	1,584	1,785	1,838
Community planning and development	44,682	49,088	10,945	7,938
Municipal support	5,157	3,154	6,443	6,344
Interest on long-term debt	5,795	5,132	3,783	1,815
Total governmental activities expenses	<u>149,016</u>	<u>148,266</u>	<u>115,977</u>	<u>113,787</u>
Business-type activities:				
Water	25,251	26,152	24,213	26,419
Sanitary District	13,088	8,708	7,672	8,641
Mobile home parks/RV park	2,205	1,497	565	-
Housing authority	-	-	30,894	31,586
Total business-type activities expenses	<u>40,544</u>	<u>36,357</u>	<u>63,344</u>	<u>66,646</u>
Total primary government expenses	<u>189,560</u>	<u>184,623</u>	<u>179,321</u>	<u>180,433</u>
Program revenues:				
Governmental activities:				
Charges for services:				
Fire	1,115	3,400	1,051	1,106
Police	3,592	3,607	3,321	3,486
Traffic safety	1,350	1,342	1,343	1,349
Public right of way	117	146	137	249
Drainage	-	-	-	-
Community buildings	-	-	-	-
Community services	878	915	856	851
Economic development	-	-	-	-
Parks and greenbelts	1,368	1,368	1,346	1,319
Community planning and development	1,114	1,384	1,303	1,491
Municipal support	5,729	2,636	2,540	2,553
Operating grants and contributions	42,980	46,464	19,574	10,012
Capital grants and contributions	14,462	6,361	4,847	5,789
Total governmental activities program revenues	<u>72,705</u>	<u>67,623</u>	<u>36,318</u>	<u>28,205</u>
Business-type activities:				
Charges for services:				
Water	28,878	30,261	34,318	33,738
Sanitary District	16,848	12,187	12,294	13,204
Mobile home parks	3,027	318	1	-
Operating grants and contributions	-	-	30,662	30,582
Capital grants and contributions	2,038	-	-	-
Total business-type activities program revenues	<u>50,791</u>	<u>42,766</u>	<u>77,275</u>	<u>77,524</u>
Total primary government program revenues	<u>123,496</u>	<u>110,389</u>	<u>113,593</u>	<u>105,729</u>
Net revenues (expenses):				
Governmental activities	(76,311)	(80,643)	(79,659)	(85,582)
Business-type activities	10,247	6,409	13,931	10,878
Total net revenues (expenses)	<u>\$ (66,064)</u>	<u>\$ (74,234)</u>	<u>\$ (65,728)</u>	<u>\$ (74,704)</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 20,876	\$ 21,939	\$ 20,700	\$ 23,934	\$ 27,428	\$ 27,053
49,289	50,837	47,309	53,783	64,245	62,965
3,872	3,517	3,001	4,425	5,088	5,214
14,051	16,903	16,917	18,456	18,952	19,108
1,284	1,445	1,453	1,438	1,561	1,464
4,504	4,973	4,691	4,998	5,096	4,552
4,679	4,797	4,606	5,184	5,677	5,684
-	1,944	2,333	4,271	3,099	3,235
1,973	2,146	1,957	1,861	5,628	2,367
8,491	7,837	5,633	6,989	9,590	8,235
7,112	7,609	6,151	8,434	8,721	10,812
1,305	862	1,962	1,212	1,133	1,049
<u>117,436</u>	<u>124,809</u>	<u>116,713</u>	<u>134,985</u>	<u>156,218</u>	<u>151,738</u>
26,761	30,003	26,982	31,109	35,410	34,062
7,092	8,128	8,095	8,709	9,671	9,554
-	-	-	-	-	-
30,489	30,707	36,947	30,390	33,130	34,218
64,342	68,838	72,024	70,208	78,211	77,834
<u>181,778</u>	<u>193,647</u>	<u>188,737</u>	<u>205,193</u>	<u>234,429</u>	<u>229,572</u>
1,422	1,011	1,683	1,347	1,830	1,329
3,169	3,019	2,717	3,150	3,599	3,293
1,349	1,351	1,347	1,356	1,355	1,350
358	272	391	394	406	450
-	-	-	-	-	-
-	-	-	401	-	510
859	986	768	1,015	1,145	1,446
-	-	-	108	-	-
1,282	1,264	1,226	1,265	834	678
2,128	1,839	2,320	2,031	3,605	4,360
2,693	2,656	3,109	3,555	3,730	3,646
13,277	13,295	15,819	14,868	14,771	21,660
5,435	6,032	3,569	497	2,329	3,739
<u>31,972</u>	<u>31,725</u>	<u>32,949</u>	<u>29,987</u>	<u>33,604</u>	<u>42,461</u>
35,186	33,145	29,158	32,130	35,595	36,966
12,051	12,095	12,339	12,939	12,837	14,002
-	-	-	-	-	-
30,656	30,726	31,730	31,379	31,461	34,417
-	-	-	-	-	-
<u>77,893</u>	<u>75,966</u>	<u>73,227</u>	<u>76,448</u>	<u>79,893</u>	<u>85,385</u>
<u>109,865</u>	<u>107,691</u>	<u>106,176</u>	<u>106,435</u>	<u>113,497</u>	<u>127,846</u>
(85,464)	(93,084)	(83,764)	(104,998)	(122,614)	(109,277)
13,551	7,128	1,203	6,240	1,682	7,551
<u>\$ (71,913)</u>	<u>\$ (85,956)</u>	<u>\$ (82,561)</u>	<u>\$ (98,758)</u>	<u>\$ (120,932)</u>	<u>\$ (101,726)</u>

(Continued)

**SCHEDULE II
CITY OF GARDEN GROVE
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(In Thousands)**

	Fiscal Year			
	2010	2011	2012	2013
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Sales taxes	\$ 14,076	\$ 16,776	\$ 18,461	\$ 19,805
Property taxes	42,212	52,268	43,920	35,145
Transient occupancy taxes	10,196	11,697	12,320	14,448
Other taxes	4,864	5,775	7,297	7,316
Motor vehicle taxes, levied for general purposes	513	801	87	90
Investment income	8,830	4,240	760	1,757
Other general revenues	2,153	425	651	1,210
Gain/(Loss) on sale of capital assets	-	-	(18,941) ¹	-
Transfers	-	-	20,373 ³	-
Capital Contribution	-	-	-	2,309 ⁴
Special Item	-	-	-	-
Total governmental activities	<u>82,844</u>	<u>91,982</u>	<u>84,928</u>	<u>82,080</u>
Business-type activities:				
Investment income	1,583	1,510	334	437
Gain/(Loss) on sale of capital assets	-	12,886	-	-
Other general revenues	-	-	95	-
Discontinued operations	-	-	(2,918) ²	-
Transfers	-	-	(20,373) ³	-
Total business-type activities	<u>1,583</u>	<u>14,396</u>	<u>(22,862)</u>	<u>437</u>
Total primary government	<u>84,427</u>	<u>106,378</u>	<u>62,066</u>	<u>82,517</u>
Changes in net position				
Governmental activities	6,532	11,339	5,269	(3,502)
Business-type activities	11,830	20,805	(8,931)	11,315
Total primary government	<u>\$ 18,362</u>	<u>\$ 32,144</u>	<u>\$ (3,662)</u>	<u>\$ 7,813</u>

Source: Finance Department, City of Garden Grove

The City of Garden Grove implemented GASB 63 and GASB 65 for the fiscal year ended June 30, 2013.

¹ FY11-12: The \$18.9 million loss in governmental activities represents a one-time loss as a result of the dissolution of Redevelopment Agency in 2012.

² FY11-12: The \$2.9 million loss in business-type activities represents a one-time loss due to the transfer of the remaining net assets of RV Park enterprise fund to the Successor Agency Trust fund.

³ FY11-12: The \$20.4 million was primarily related to the \$19.6 million transfer from the Mobile Home Park enterprise fund to the General fund as a result of the discontinuance of operations of the Mobile Home Park fund.

⁴ FY12-13: The \$2.3 million capital contribution was related to the transfer of land from the Successor Agency Trust fund to the General fund.

⁵ FY13-14: The \$1.0 million loss in governmental activities represents a one-time loss due to the disposal of land.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 20,285	\$ 19,251	\$ 22,052	\$ 21,793	\$ 20,737	\$ 24,612
35,286	36,972	40,574	42,113	47,033	49,356
16,443	17,217	20,897	25,121	25,983	26,285
7,438	7,761	8,214	8,314	8,660	8,350
75	72	71	79	93	85
1,945	2,005	3,344	1,337	1,870	7,666
297	534	7,270	488	622	766
(1,002) ⁵	3	2,774	-	-	-
-	(7)	-	292	581	1,000
-	-	-	-	-	-
-	-	-	-	30,058	-
<u>80,767</u>	<u>83,808</u>	<u>105,196</u>	<u>99,537</u>	<u>135,637</u>	<u>118,120</u>
715	523	428	142	410	1,917
41	169	59	-	-	-
169	29	159	182	208	191
-	-	-	-	-	-
-	7	-	(292)	(581)	(1,000)
<u>925</u>	<u>728</u>	<u>646</u>	<u>32</u>	<u>37</u>	<u>1,108</u>
<u>81,692</u>	<u>84,536</u>	<u>105,842</u>	<u>99,569</u>	<u>135,674</u>	<u>119,228</u>
(4,697)	(9,276)	21,432	(5,461)	13,023	8,843
14,476	7,856	1,849	6,272	1,719	8,659
<u>\$ 9,779</u>	<u>\$ (1,420)</u>	<u>23,281</u>	<u>811</u>	<u>\$ 14,742</u>	<u>\$ 17,502</u>

SCHEDULE III
CITY OF GARDEN GROVE
BALANCE OF GOVERNMENTAL FUNDS
THE LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year			
	2010	2011	2012	2013
General fund:				
Reserved	\$ 47,951	\$ -	\$ -	\$ -
Non-Spendable:				
Agency reimbursement agreement	-	-	-	-
COP reimbursement agreement	-	-	-	-
Intercity loan	-	40,056	13,375	13,375
Land held for resale	-	-	-	-
Prepaid items	-	135	-	-
Deposits	-	-	-	-
Restricted:				
Public safety	-	-	-	-
Public right of way	-	-	-	-
Community services	-	-	-	-
Community planning and development	-	-	-	-
Municipal support	-	-	-	-
Committed:				
Post-Employment Benefits	-	1,000	-	-
Community planning and development	-	-	-	-
Assigned:				
Post-Employment Benefits	-	-	1,000	1,000
Garden Grove tourism improvement	-	-	53	139
Property tax lawsuit	-	500	500	500
Building improvements	-	1,300	1,300	1,300
General Plan	-	-	113	132
Paramedic Tax	-	-	-	-
Other purposes	-	384	-	-
Unreserved	71	-	-	-
Unassigned	-	4,566	18,444	16,016
Total general fund	<u>\$ 48,022</u>	<u>\$ 47,941</u>	<u>\$ 34,785</u>	<u>\$ 32,462</u>
All other governmental funds:				
Reserved	\$ 142,099	\$ -	\$ -	\$ -
Non-Spendable:				
Intercity loan	-	13,829	-	-
Land held for resale	-	-	-	-
Prepaid items	-	4	-	-
Deposits	-	815	-	-
Restricted:				
Fire	-	1	-	-
Police	-	2,457	2,680	2,793
Public right of way	-	13,080	11,783	8,433
Drainage	-	287	354	453
Community services	-	1,450	207	650
Community planning and development	-	97,109	12,185	12,200
Municipal support	-	199	229	242
Committed:				
Community planning and development	-	994	-	-
Assigned:				
Post-Employment Benefits	-	-	-	-
Property tax lawsuit	-	-	-	-
Building improvements	-	-	-	-
Other purposes	-	-	-	-
Unreserved, reported in:				
Special revenue funds	(11,371)	-	-	-
Debt service funds	1,399	-	-	-
Capital projects funds	(39,251)	-	-	-
Unassigned	-	(31,170)	(3,055)	(67)
Total all other governmental funds	<u>\$ 92,876</u>	<u>\$ 99,055</u>	<u>\$ 24,383</u>	<u>\$ 24,704</u>

Source: Finance Department, City of Garden Grove

The City of Garden Grove implemented GASB 54 for the fiscal year ended June 30, 2011.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
13,375	13,375	13,375	13,414	13,456	12,793
-	-	-	-	-	-
-	-	13	10	17	21
-	-	-	-	-	-
-	-	-	103	84	90
-	-	-	-	-	-
-	-	-	161	166	177
-	-	-	7	2,764	3,469
-	-	-	15	35	57
-	-	-	-	-	-
-	-	-	-	-	-
1,000	1,000	1,000	1,000	1,000	1,000
231	231	314	404	-	-
500	500	500	500	500	500
1,300	1,300	1,300	1,300	1,300	1,300
223	273	239	325	301	262
-	-	-	-	617	-
-	-	-	-	-	-
-	-	-	-	-	-
16,217	16,330	18,331	22,629	29,428	47,448
<u>\$ 32,846</u>	<u>\$ 33,009</u>	<u>\$ 35,072</u>	<u>\$ 39,868</u>	<u>\$ 49,668</u>	<u>\$ 67,117</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,814	1,754	9,260	9,521	5,336	3,210
3,665	5,358	7,639	8,434	9,021	11,502
569	647	754	529	412	273
-	180	196	945	2,370	4,505
12,695	10,385	16,712	18,080	48,376	48,098
304	-	755	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(551)	(755)	(4)	466	-	(40)
<u>\$ 19,496</u>	<u>\$ 17,569</u>	<u>\$ 35,312</u>	<u>\$ 37,975</u>	<u>\$ 65,515</u>	<u>\$ 67,548</u>

SCHEDULE IV
CITY OF GARDEN GROVE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(In Thousands)

	Fiscal Year		
	2010	2011	2012
Revenues:			
Taxes	\$ 85,353	\$ 91,330	\$ 82,531
Licenses and permits	1,553	962	946
Fines, forfeitures and penalties	3,103	2,911	2,673
Investment earnings	7,689	4,859	1,560
Charges for current services	11,413	12,002	10,401
From other agencies	55,879	50,336	15,617
Other revenues	2,100	6,393	1,612
Total revenues	167,090	168,793	115,340
Expenditures			
Current:			
Fire	19,331	18,862	19,996
Police	43,863	44,727	45,558
Traffic safety	2,967	2,733	2,894
Public right of way	7,373	5,865	5,880
Drainage	13	-	-
Community buildings	3,366	3,188	3,519
Community services	4,428	4,037	4,449
Economic development	-	-	-
Parks and greenbelts	1,649	1,664	1,883
Community planning and development	59,813	51,950	10,871
Municipal support	7,639	7,359	8,805
Capital outlay	16,671	15,754	15,569
Debt service:			
Principal retirement	4,956	4,214	4,434
Interest	7,726	4,938	3,226
Total expenditures	179,795	165,291	127,084
Excess (deficiency) of revenues over (under) expenditures	(12,705)	3,502	(11,744)
Other financing sources (uses):			
Transfers in	52,785	41,588	78,846
Transfers out	(47,597)	(41,492)	(57,373)
Issuance of debt	-	2,500	-
Proceeds of debt	-	-	1,856
Gain/(Loss) on sale of capital assets	2,320	-	-
Contribution to Housing Authority	-	-	-
Extraordinary Gain/(Loss)	-	-	(98,139)
Payment to bond escrow agent	-	-	-
Total other financing sources (uses)	7,508	2,596	(74,810)
Special Item			
Net change in fund balances	\$ (5,197)	\$ 6,098	\$ (86,554)
Debt service as a percentage of noncapital expenditures	7.8%	6.1%	6.9%

Source: Finance Department, City of Garden Grove

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
\$ 77,231	\$ 80,010	\$ 81,823	\$ 92,268	\$ 98,042	\$ 103,090	\$ 114,078
1,128	1,405	1,139	1,554	1,687	2,005	2,645
2,960	2,755	2,629	2,222	2,622	3,134	2,850
1,800	1,780	1,546	1,285	1,275	1,846	4,344
10,084	10,267	9,528	9,943	10,041	11,945	15,122
13,324	12,857	15,945	15,991	11,640	12,047	13,599
3,332	1,991	2,079	11,071	3,847	4,193	3,940
109,859	111,065	114,689	134,334	129,154	138,260	156,578
20,447	20,143	21,672	23,195	23,707	25,067	24,483
45,478	47,027	49,389	51,942	53,168	56,128	56,282
2,595	3,105	3,102	2,959	4,215	3,925	4,282
5,730	5,662	6,886	7,515	7,257	7,197	7,107
-	-	-	-	-	66	-
3,082	3,086	3,408	3,317	3,185	3,421	3,007
4,453	4,562	4,793	5,470	4,852	4,687	4,855
-	-	1,944	2,333	2,757	3,099	3,212
1,927	2,019	2,247	2,217	1,939	2,325	2,300
7,761	8,156	7,359	7,229	6,497	7,982	7,124
6,797	7,215	7,600	8,012	7,903	7,626	9,353
10,366	14,956	9,032	7,371	6,754	10,938	13,635
1,939	2,036	1,937	2,097	3,342	573	580
1,383	1,280	1,199	939	1,184	1,087	1,064
111,958	119,247	120,568	124,596	126,760	134,121	137,284
(2,099)	(8,182)	(5,879)	9,738	2,394	4,139	19,294
1,239	3,232	7,761	11,783	1,396	2,826	1,403
(1,139)	(1,181)	(3,558)	(11,683)	(1,296)	(1,253)	(1,303)
-	-	-	25,962	-	-	-
-	-	-	-	-	-	-
-	1,307	22	1,735	4,965	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(17,462)	-	-	-
100	3,358	4,225	10,335	5,065	1,573	100
\$ (1,999)	\$ (4,824)	\$ (1,654)	\$ 20,073	\$ 7,459	\$ 35,741	\$ 19,394
3.3%	3.2%	2.8%	2.6%	3.8%	1.3%	1.3%

**SCHEDULE V
CITY OF GARDEN GROVE
GENERAL GOVERNMENT MAJOR TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Sales Tax	Property Tax	Franchise Tax	Business Operation Tax	Transient Occupancy Tax	Motor Vehicle Tax	Total
2010	14,075,879	14,400,002	2,482,292	2,381,098	10,195,885	513,106	44,048,262
2011	16,776,350	17,254,068	2,349,125	3,425,691	11,696,706	800,742	52,302,682
2012	18,461,031	19,519,146	2,540,297	4,756,384	12,319,744	86,882	57,683,484
2013	19,804,727	35,145,142	2,506,722	4,809,344	14,447,817	90,025	76,803,777
2014	20,285,111	35,286,424	2,483,878	4,953,958	16,442,817	74,506	79,526,694
2015	19,251,431	36,972,309	2,532,706	5,228,239	17,216,510	71,970	81,273,165
2016	22,051,778	40,574,176	2,577,292	5,636,389	20,897,283	70,518	91,807,436
2017	21,792,872	42,113,373	2,532,462	5,781,098	25,121,419	79,429	97,420,653
2018	20,736,558	47,032,917	2,408,395	6,251,994	25,982,696	92,789	102,505,349
2019	24,612,288	49,355,823	2,404,867	5,945,451	26,285,461	84,911	108,688,801

Source: Finance Department, City of Garden Grove

**SCHEDULE VI
CITY OF GARDEN GROVE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year Ended June 30	City		Taxable Assessed Value	Successor Agency		Taxable Assessed Value ¹	Total Direct Tax Rate
	Secured	Unsecured		Secured ¹	Unsecured ¹		
2010	9,306,477	370,450	9,676,927	2,813,239	327,815	3,141,054	1.029%
2011	9,304,082	321,497	9,625,579	2,707,066	302,619	3,009,685	1.064%
2012	9,492,746	303,025	9,795,771	2,689,600	299,937	2,989,537	1.064%
2013	9,580,743	303,685	9,884,428	2,720,784	271,370	2,992,154	1.074%
2014	9,933,103	308,944	10,242,047	2,785,756	295,259	3,081,015	1.140%
2015	10,538,784	356,435	10,895,219	2,897,658	328,394	3,226,052	1.145%
2016	10,568,876	234,280	10,803,156	3,070,910	317,449	3,388,359	1.151%
2017	12,226,724	364,776	12,591,500	3,579,711	363,489	3,943,200	1.150%
2018	12,873,943	335,785	13,209,728	3,797,471	366,576	4,164,047	1.189%
2019	13,500,136	301,174	13,801,310	3,801,697	361,772	4,163,469	1.183%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

¹ The Redevelopment Agency was dissolved in February 2012.
The Successor Agency was created to close out the Redevelopment Agency.

Source: Orange County Assessor's Office/HdL Coren & Cone

**SCHEDULE VII
CITY OF GARDEN GROVE
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Basic Levy	City Paramedic	Metropolitan Water District	Orange County	Sanitation and Water	School Services	Other	Total
2010	1.0000	0.02500	0.00430	-	-	-	-	1.02930
2011	1.0000	0.06000	0.00430	-	-	-	-	1.06430
2012	1.0000	0.06000	0.00370	-	-	-	-	1.06370
2013	1.0000	0.07000	0.00350	-	-	-	-	1.07350
2014	1.0000	0.07000	0.00350	-	-	0.06602	-	1.13952
2015	1.0000	0.07000	0.00350	-	-	0.07163	-	1.14513
2016	1.0000	0.07000	0.00350	-	-	0.07748	-	1.15098
2017	1.0000	0.07000	0.00350	-	-	0.07603	-	1.14953
2018	1.0000	0.08000	0.00350	-	-	0.10599	-	1.18949
2019	1.0000	0.08000	0.00350	-	-	0.09900	-	1.18250

Assessed values are expressed as 100% of "full value" as prescribed by California Revenue and Taxation Code Section 135.

Property tax in California is levied in accordance with Article 13A of the State Constitution at \$1 per \$100 county-wide assessed valuations plus other voter approved debt. Rates shown above are \$100 of assessed valuation. The one percent is allocated pursuant to State law to the appropriate units of local government.

Source: Orange County Tax Rates Book

**SCHEDULE VIII
CITY OF GARDEN GROVE
PRICIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2019		2009	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
GWGG LLC	\$ 222,977,588	1.32%		
Investel Harbor Resorts LLC	144,594,078	0.86%		
Landmark Marriott Suites LLC	117,554,608	0.70%	95,187,259	0.72%
Khanna Enterprises General Partnership	66,026,045	0.39%		
Park Grove Fee Owner LLC	51,211,872	0.30%		
Chatham Rigg LLC	48,893,929	0.29%		
HGGA Promenade LP	47,638,369	0.28%		
House Food Holdings USA Inc	43,155,784	0.26%		
PPF Industrial	41,450,611	0.25%		
Newage Garden Grove LLC	40,990,334	0.24%		
Ohi Resort Hotels			38,419,059	0.29%
Inland American Lodge GG			79,724,950	0.61%
Walton CWCA Garden Grove			63,240,000	0.48%
KPA Rigg LLC			51,489,600	0.39%
Car Noa GGN LLC			47,331,823	0.36%
Prime Healthcare Services			38,706,255	0.29%
Kilroy Realty LP			30,193,514	0.23%
Western Pacific Housing Inc			27,940,343	0.21%
Swedlow Inc			27,638,767	0.21%
	<u>\$ 824,493,218</u>	<u>4.89%</u>	<u>\$ 499,871,570</u>	<u>3.79%</u>

Source: Hdl Coren & Cone The City of Garden Grove Top Ten Property Taxpayers

**SCHEDULE IX
CITY OF GARDEN GROVE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	City Tax Rate (Per \$100)	Total Tax Levied	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2010	0.0030	14,063,297	13,732,288	97.6	719,481	14,451,770	102.8	422,664	3.0%
2011	0.0030	17,407,275	16,491,089	94.7	520,209	17,011,298	97.7	302,494	1.7%
2012	0.0030	17,792,829	16,539,285	93.0	277,560	16,816,846	94.5	333,343	1.9%
2013	0.0030	19,080,983	18,555,697	97.2	339,959	18,895,656	99.0	264,446	1.4%
2014	0.0030	20,112,895	19,256,287	95.7	281,184	19,537,471	97.1	231,857	1.2%
2015	0.0025	21,411,687	20,704,013	96.7	237,945	20,941,958	97.8	230,751	1.1%
2016	0.0025	22,611,366	21,721,987	96.1	213,997	21,935,984	97.0	517,198	2.3%
2017	0.0025	23,155,878	22,914,391	99.0	206,984	23,121,375	99.9	326,133	1.4%
2018	0.0025	26,376,092	25,752,153	97.6	174,164	25,926,316	98.3	1,000,741	3.8%
2019	0.0025	27,740,098	27,086,771	97.6	202,200	27,288,971	98.4	1,045,098	3.8%

In implementing Article XIIIa of the State Constitution, the Revenue and Taxation Code provides for a single Basic Tax Rate Levy for County/City/School/Special Districts and other rates necessary to retire bonded and other indebtedness.

Source: Orange County Property Tax Ledger
Finance Department, City of Garden Grove

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**SCHEDULE X
CITY OF GARDEN GROVE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Governmental Activities						Total Governmental Activities
	Certificates of Participation 2002 ¹	Lease Revenue Bonds ²	RDA 2008 Bonds ³	Tax Allocation Bonds ⁴	Loans ^{5 6}	Capital Leases ⁷	
2010	20,025,000	-	1,955,000	50,265,000	42,304,693	3,221,506	117,771,199
2011	19,510,000	-	1,890,000	48,415,000	44,157,481	2,850,033	116,822,514
2012	18,970,000	-	-	-	7,380,266	2,134,919	28,485,185
2013	18,410,000	-	-	-	6,345,613	1,371,910	26,127,523
2014	17,830,000	-	-	-	5,276,879	817,516	23,924,395
2015	17,210,000	-	-	-	4,128,913	812,176	22,151,089
2016	-	25,568,492	-	-	2,895,399	546,422	29,010,313
2017	-	25,104,126	-	-	69,826	622,676	25,796,628
2018	-	24,624,760	-	-	23,732	589,293	25,237,785
2019	-	24,120,394	-	-	-	373,317	24,493,711

^{1 2} The City refunded the 2002 COP in 2015 with the 2015A Lease Revenue Bonds and upsized with additional issuance of approximately \$8,500,000.

³ The former Redevelopment Agency entered into a subordinate note purchase agreement in the amount of \$2,015,000 in June 2008 to refund a note issued to Katella Cottages. After dissolution, this liability is the responsibility of the State of California. Since dissolution in February 2012, the RDA 2008 Bonds (above) no longer report the Katella Cottages Loan.

⁴ The City refunded the \$52,325,000 tax allocation bonds in 2003.

⁵ The former Redevelopment Agency borrowed \$32,000,000 from Union Bank in 2008. After dissolution this liability is the responsibility of the State of California. Since dissolution in February 2012, Loans (above) no longer report the Union Bank loan.

⁶ The Housing Authority refunded the \$9,010,000 HUD Section 108 loan, of which \$7,660,000 borrowed from HUD in 2008 was paid off in fiscal year 2015-2016.

⁷ The City entered into various capital leases for energy retrofitting, mail machines, copiers, and telephones.

⁸ The City issued \$16,625,000 Water Revenue Bond in 2010.

⁹ The City issued \$21,845,000 Sewer COP in 2006; and refunded the 2006 Sewer COPs in 2017.

¹⁰ 1993 COP was issued to finance acquisition of real property by the Garden Grove Housing Authority.

¹¹ These ratios are calculated using personal income and population for the prior calendar year.

Source: Finance Department, City of Garden Grove

Business-type Activities						
Water Revenue Bonds ⁸	Sewer Revenue COP ⁹	Certificates of Participation ¹⁰	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹¹	Debt Per Capita ¹¹
29,720,000	21,405,000	10,465,000	61,590,000	179,361,199	0.42%	1021
28,670,000	20,945,000	-	49,615,000	166,437,514	0.36%	974
27,390,000	20,470,000	-	47,860,000	76,345,185	0.17%	442
26,826,738	20,298,745	-	47,125,483	73,253,006	0.16%	423
25,382,945	19,769,567	-	45,152,512	69,076,907	0.15%	397
23,884,150	19,220,388	-	43,104,538	65,255,627	0.13%	373
20,775,000	18,365,000	-	39,140,000	68,150,313	0.14%	384
19,571,107	16,740,627	-	36,311,734	62,108,362	0.12%	352
18,039,382	16,148,171	-	34,187,553	59,425,338	0.11%	336
16,381,152	15,535,716	-	31,916,868	56,410,579	0.10%	322

**SCHEDULE XI
CITY OF GARDEN GROVE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(In Thousands, except Per Capita)**

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Total	Percent of Assessed Value ¹	Per Capita
	Certificates of Participation	Lease Revenue Bonds	Tax Allocation Bonds			
2010	20,025	-	50,265	70,290	0.55%	400
2011	19,510	-	48,415	67,925	0.54%	397
2012	18,970	-	-	18,970	0.15%	110
2013	18,410	-	-	18,410	0.14%	106
2014	17,830	-	-	17,830	0.13%	102
2015	17,210	-	-	17,210	0.12%	98
2016	-	25,568	-	25,568	0.18%	144
2017	-	25,104	-	25,104	0.15%	142
2018	-	24,625	-	24,625	0.14%	139
2019	-	24,120	-	24,120	0.13%	138

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Source: Finance Department, City of Garden Grove

**CITY OF GARDEN GROVE
DIRECT AND OVERLAPPING BONDS AND DEBT
JUNE 30, 2019**

CITY OF GARDEN GROVE

2018-19 Assessed Valuation: \$16,905,098,847

	Total Debt 6/30/2019	% Applicable ¹	City's Share of Debt 6/30/19
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 48,050,000	0.579%	\$ 278,210
Coast Community College District	754,064,504	6.284	47,385,413
North Orange County Joint Community College District	320,459,001	2.315	7,418,626
Rancho Santiago Community College District	234,052,001	6.452	15,101,035
Rancho Santiago Community College District School Facilities Improvement District No. 1	115,390,000	11.228	12,955,989
Garden Grove Unified School District	396,190,160	58.163	230,436,083
Orange Unified School District	188,000,000	1.110	2,086,800
Anaheim Union High School District	194,563,955	0.079	153,706
Huntington Beach Union High School District	180,274,998	1.299	2,341,772
Anaheim School District	253,886,416	0.100	253,886
Magnolia School District	21,323,305	0.226	48,191
Westminster School District	103,052,252	7.375	7,600,104
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 326,059,815
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$ 388,720,000	2.86%	\$ 11,101,843
Orange County Pension Obligation Bonds	407,629,239	2.856	11,641,891
Orange County Board of Education Certificates of Participation	13,490,000	2.856	385,274
North Orange Regional Occupation Program Certificates of Participation	9,290,000	0.028	2,601
Coast Community College District General Fund Obligations	2,950,000	6.284	185,378
Orange Unified School District Certificates of Participation	28,483,215	1.11	316,164
Orange Unified School District Benefit Obligations	76,765,000	1.11	852,092
Anaheim Union High School District Certificates of Participation	33,060,000	0.079	26,117
Huntington Beach Union High School District Certificates of Participation	63,101,090	1.299	819,683
Magnolia School District Certificates of Participation	14,831,359	0.226	33,519
Westminster School District Certificates of Participation	37,255,275	7.375	2,747,577
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 28,112,139
<u>DIRECT GOVERNMENTAL FUND DEBT (NET OF BOND DISCOUNT/PREMIUM):</u>			
City of Garden Grove Governmental Fund Obligations	\$ 24,120,394	100%	\$ 24,120,394
Lease Revenue Bonds	373,317	100%	373,317
Capital Lease Payable			\$24,493,711
 TOTAL DIRECT DEBT			\$ 24,493,711
TOTAL OVERLAPPING DEBT			\$ 354,171,954
 COMBINED TOTAL DEBT			\$ 378,665,665 ²

¹ The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

² Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.09%
Total Direct Debt (\$24,493,711)	0.14%
Combined Total Debt	2.23%

Prepared for the City of Garden Grove
Source: California Municipal Statistics, Inc./ MuniServices. LLC

**SCHEDULE XIII
CITY OF GARDEN GROVE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2010	2011	2012	2013 ¹
Assessed valuation	\$ 9,676,927	\$ 9,625,579	\$ 9,795,771	\$ 9,884,428
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	2,419,232	2,406,395	2,448,943	2,471,107
Debt limit percentage	15%	15%	15%	15%
Debt limit	362,885	360,959	367,341	370,666
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 362,885</u>	<u>\$ 360,959</u>	<u>\$ 367,341</u>	<u>\$ 370,666</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

¹ The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: Finance Department, City of Garden Grove
Orange County Tax Assessor's Office

Fiscal Year					
2014 ¹	2015	2016	2017	2018	2019
\$ 10,242,047	\$ 10,895,219	\$ 10,803,156	\$ 12,591,500	\$ 13,209,728	\$ 13,801,310
25%	25%	25%	25%	25%	25%
2,560,512	2,723,805	2,700,789	3,147,875	3,302,432	3,450,328
15%	15%	15%	15%	15%	15%
384,077	408,571	405,118	472,181	495,365	517,549
-	-	-	-	-	-
<u>\$ 384,077</u>	<u>\$ 408,571</u>	<u>\$ 405,118</u>	<u>\$ 472,181</u>	<u>\$ 495,365</u>	<u>\$ 517,549</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**SCHEDULE XIV
CITY OF GARDEN GROVE
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Expenses ¹	Water Revenue Bonds		Debt Service Requirement		
			Resources Available for Debt Service	Principal	Interest	Total	Coverage
2010	29,314,717	20,713,227	8,601,490	695,000	592,638	1,287,638	6.68
2011	30,651,300	21,520,591	9,130,709	1,040,000	1,299,320	2,339,320	3.90
2012	34,492,870	21,413,634	13,079,236	1,280,000	1,383,464	2,663,464	4.91
2013	33,933,081	22,848,625	11,084,456	1,320,000	1,340,727	2,660,727	4.17
2014	35,721,417	22,876,255	12,845,162	1,375,000	1,286,725	2,661,725	4.83
2015	33,573,575	25,146,241	8,427,334	1,430,000	1,225,677	2,655,677	3.17
2016	29,519,804	25,781,906	3,737,898	1,490,000	1,165,202	2,655,202	1.41
2017	32,345,481	26,404,580	5,940,901	1,515,000	861,491	2,376,491	2.50
2018	35,946,867	30,301,866	5,645,001	1,570,000	817,465	2,387,465	2.36
2019	37,832,009	28,891,265	8,940,744	1,600,000	775,290	2,375,290	3.77

Source: Finance Department, City of Garden Grove

¹ Total operating expense less depreciation and amortization.

² The City entered into a sewer revenue bond agreement on April 1, 2006; the first year's interest was prorated from bond commencement. The debt amortization started in FY09-10 with an annual principal repayment on June 15. In FY 16/17 the City refunded 2006 Sewer COP with the issuance of the Garden Grove Sanitary District, Revenue Refunding bonds, Series 2017.

Sewer Revenue Bond							
Fiscal Year	Gross Revenue	Expenses	Resources Available for Debt Service	Debt Service Requirement			Coverage
				Principal ²	Interest ²	Total	
2010	9,973,485	3,044,947	6,928,538	440,000	1,023,341	1,463,341	4.73
2011	9,570,394	2,786,977	6,783,417	460,000	1,005,741	1,465,741	4.63
2012	9,293,119	3,555,210	5,737,909	475,000	987,341	1,462,341	3.92
2013	10,302,890	3,645,873	6,657,017	495,000	968,341	1,463,341	4.55
2014	10,361,393	3,264,411	7,096,982	515,000	948,541	1,463,541	4.85
2015	10,242,532	3,814,961	6,427,571	535,000	927,941	1,462,941	4.39
2016	10,521,214	3,880,996	6,640,218	560,000	906,541	1,466,541	4.53
2017	10,356,150	4,424,966	5,931,184	580,000	884,141	1,464,141	4.05
2018	10,641,504	5,009,287	5,632,217	520,000	676,575	1,196,575	4.71
2019	11,951,932	5,152,423	6,799,509	540,000	660,975	1,200,975	5.66

(Continued)

**SCHEDULE XIV
CITY OF GARDEN GROVE
PLEDGED-REVENUE COVERAGE (Continued)
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Increment ¹	Tax Allocation Bonds Debt Service Requirement			Coverage
		Principal	Interest	Total	
2010	21,281,936	1,765,000	2,577,762	4,342,762	4.90
2011	19,632,456	1,850,000	2,533,638	4,383,638	4.48
2012	7,198,257	1,945,000	2,402,238	4,347,238	1.66
2013	20,003,696	2,020,000	2,320,413	4,340,413	4.61
2014	20,205,156	2,105,000	2,232,756	4,337,756	4.66
2015	20,526,084	2,195,000	2,130,406	4,325,406	4.75
2016	15,837,862	2,360,000	1,526,300	3,886,300	4.08
2017	18,484,197	2,430,000	1,454,450	3,884,450	4.76
2018	17,693,119	2,505,000	1,380,425	3,885,425	4.55
2019	17,445,206	2,380,000	1,295,250	3,675,250	4.75

Source: Finance Department, City of Garden Grove

¹ Due to the dissolution of the Redevelopment Agency in February 2012, the Tax Increment is now deposited in the City of Garden Grove RPTTF project area.

**SCHEDULE XIV
CITY OF GARDEN GROVE
PLEDGED-REVENUE COVERAGE (Continued)
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Allocation Bonds Debt Service Requirement				
	Tax Increment ¹	Principal	Interest	Total	Coverage
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	18,484,197	-	1,716,504	1,716,504	10.77
2018	17,693,119	-	1,652,250	1,652,250	10.71
2019	17,445,206	-	1,652,250	1,652,250	10.56

Source: Finance Department, City of Garden Grove

¹ Due to the dissolution of the Redevelopment Agency in February 2012, the Tax Increment is now deposited in the City of Garden Grove RPTTF project area.

**SCHEDULE XV
CITY OF GARDEN GROVE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2010	175,618	4,272,291	24,453	12.2%
2011	170,883	4,567,065	26,006	11.2%
2012	172,648	4,371,270	25,581	9.6%
2013	173,075	4,696,862	27,205	7.8%
2014	173,953	4,747,258	27,429	6.5%
2015	174,774	4,924,023	28,307	4.2%
2016	177,303	4,999,605	28,606	4.4%
2017	176,277	5,087,579	28,694	4.8%
2018	176,896	5,243,712	29,747	3.4%
2019	175,155	5,490,131	31,344	3.3%

Source: State Employment Development Department
California Department of Finance
Center for Demographic Research / Fullerton.edu / Ycharts.com

**SCHEDULE XVI
CITY OF GARDEN GROVE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2019		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Great Wolf Lodge Southern California	700	0.84%		
Air Industries Company	625	0.75%	662	0.82%
Garden Grove Medical Center	516	0.62%		
GKN Aerospace Transparency Systems, Inc.	409	0.49%	357	0.44%
Safran Cabin	350	0.42%	300	0.37%
Costco	323	0.39%		
Walmart #4171	281	0.34%		
Lutheran Social Services of Southern California	250	0.30%		
Full Clip/Customfab Inc.	230	0.27%		
Crystal Cathedral			495	0.61%
Hyatt Regency			400	0.49%
Driessen Aircraft Interior Systems			370	0.46%
Saint Gobain Performance Plastics			363	0.45%
OfficeMax Inc.			360	0.44%
Anning Johnson Company			350	0.43%
Microsemi Corp -Integrated Products			275	0.34%

Total employment as used above represents the total employment of all employers located within City limits.

Source: Business Tax Division, City of Garden Grove

**SCHEDULE XVII
CITY OF GARDEN GROVE
FULL-TIME AND PART-TIME CITY EMPLOYEES
BY DEPARTMENT
LAST TEN FISCAL YEARS**

Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Manager	10	10	9	9	9	9	10	29	29	29
Community Development	59	59	65	58	58	58	53	37	37	37
Community Services	145	143	159	156	157	151	147	146	153	153
Economic Development	13	13	13	-	-	-	-	-	-	-
Finance	37	37	37	39	40	40	41	38	38	38
Fire	111	110	110	107	109	111	111	106	106	106
Information Technology	20	20	20	20	19	19	19	20	20	20
Personnel	9	9	10	9	9	9	10	11	11	11
Police	334	333	302	275	268	273	272	289	293	293
Public Works	<u>196</u>	<u>196</u>	<u>199</u>	<u>194</u>	<u>195</u>	<u>194</u>	<u>196</u>	<u>198</u>	<u>198</u>	<u>198</u>
Total	<u>934</u>	<u>930</u>	<u>924</u>	<u>867</u>	<u>864</u>	<u>864</u>	<u>859</u>	<u>874</u>	<u>885</u>	<u>885</u>
Full time employees	682	681	676	621	623	633	632	640	641	641
Part time employees	252	249	248	246	241	231	227	234	244	244

Source: Budget Division, City of Garden Grove

**SCHEDULE XVIII
CITY OF GARDEN GROVE
OPERATING INDICATORS
BY FUNCTION
LAST TEN FISCAL YEARS**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Arrests	7,195	6,920	6,651	6,774	6,423	6,478	5,468	6,358	7,476	6,112
Traffic citations issued	15,490	14,945	11,393	13,815	10,903	9,604	9,890	9,114	11,114	8,598
Fire:										
Number of emergency calls	16,306	23,381	25,586	26,739	26,785	26,785	14,627	15,134	15,297	15,142
Public Right-of-Way:										
Parking citations issued	26,660	24,800	24,590	24,571	25,919	28,017	25,500	27,127	33,797	34,508
Permits issued	269	201	314	406	501	605	546	482	566	563
Community Services:										
Number of recreation classes	1,398	1,817	1,540	1,987	2,016	2,416	1,918	1,947	1,701	2,057
Housing vouchers	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,337	2,215	2,215
Community Planning and Development										
Building permits issued	3,514	3,881	2,036	2,427	2,808	2,041	2,259	2,233	3,066	3,986
Water:										
Number of accounts	34,239	33,689	33,751	34,206	33,807	33,834	33,870	33,892	33,893	33,911
Average daily consumption (thousands of gallons)	21,843	20,528	21,480	21,324	22,024	20,391	17,563	17,946	20,249	18,298
Solid Waste Disposal:										
Number of accounts	30,723	33,308	33,424	33,886	34,136	33,658	33,968	33,966	33,786	33,700
Drainage:										
Channels cleaned (miles)	5	5	5	5	5	5	5	5	5	5
Municipal Support:										
Passports issued ¹	463	292	624	673	507	247	N/A	N/A	N/A	N/A

Source: City of Garden Grove

¹ Passport services discontinued as of July 1, 2015.

**SCHEDULE XIX
CITY OF GARDEN GROVE
CAPITAL ASSETS STATISTICS
BY FUNCTION
LAST TEN FISCAL YEARS**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police: Stations	1	1	1	1	1	1	1	1	1	1
Fire: Fire stations	7	7	7	7	7	7	7	7	7	7
Public Right-of-Way: Streets (miles)	305	305	305	305	305	305	305	305	305	305
Community Services: Parks	16	16	16	16	16	16	19	19	20	19
Park acreage	142	142	142	142	142	142	137	137	140	124
Community centers	1	2	2	2	2	2	2	2	2	9
Water: Water mains (miles)	433	433	433	433	433	433	433	433	433	433
Number of connections	34,239	33,689	33,751	34,206	34,257	34,294	34,313	34,336	34,347	34,380
Sewage Collection: Sanitary sewers (miles)	320	320	320	320	320	320	320	320	320	320
Drainage: Storm drains (miles)	35	35	35	35	35	35	35	35	35	35

Source: City of Garden Grove

CITY OF GARDEN GROVE
Garden Grove, California

SINGLE AUDIT REPORT ON EXPENDITURES
OF FEDERAL AWARDS

Year ended June 30, 2019

CITY OF GARDEN GROVE
SINGLE AUDIT REPORT ON EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2019

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**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***

Independent Auditor's Report

City Council
City of Garden Grove, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Garden Grove, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Garden Grove's basic financial statements, and have issued our report thereon dated December 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Garden Grove's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Garden Grove's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Garden Grove's internal control.

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. A *significant deficiency* is defined to be 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questions costs as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Garden Grove's financial statements are free from 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*.

City's Response to the Finding

The City of Garden Grove's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Garden Grove response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Garden Grove's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
December 4, 2019

**Report on Compliance for Each Major Federal Program; Report on Internal Control
Over Compliance; and Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

City Council
City of Garden Grove, California

Report on Compliance for Each Major Federal Program

We have audited the City of Garden Grove's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Garden Grove's major federal programs for the year ended June 30, 2019. The City of Garden Grove's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Garden Grove's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 of Garden Grove'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Garden Grove's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Garden Grove complied, in all material respects, with the types of 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, 2019.

Report on Internal Control Over Compliance

Management of the City of Garden Grove is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Garden Grove's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 of Garden Grove'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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the City of Garden Grove as of and for the year ended June 30, 2019, and have issued our report thereon dated December 4, 2019 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in blue ink that reads "Davis Lan up". The signature is written in a cursive, flowing style.

Irvine, California
December 4, 2019

CITY OF GARDEN GROVE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2019

Federal Grantor / Pass - Through Grantor / Program / Cluster Title	Federal Domestic Assistance Number	Program Identification Number	Program Expenditures	Amount Provided to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Direct Assistance:				
Community Development Block Grants (CDBG)	14.218	B-16-MC-06-0505	\$ 819,409	-
Community Development Block Grants (CDBG)	14.218	B-17-MC-06-0505	425,806	-
Total CDBG Cluster			1,245,215	-
Section 8 Housing Choice Vouchers	14.871	CA102	34,199,625	-
Total Housing Voucher Cluster			34,199,625	-
HOME Investment Partnerships Program	14.239	M-15-MC-06-0511	10,778	
HOME Investment Partnerships Program	14.239	M-16-MC-06-0511	75,565	
HOME Investment Partnerships Program	14.239	M-18-MC-06-0511	19,669	
Total HOME Investment Partnerships Program			106,012	-
Emergency Solutions Grant Program	14.231	E-17-MC-06-0505	179,555	129,146
Total U.S. Department of Housing and Urban Development			35,730,407	129,146
<u>U.S. Department of Transportation</u>				
Passed through California Department of Transportation:				
Highway Planning and Construction	20.205	ATP02-12-196M	21,429	21,429
Highway Planning and Construction	20.205	HSIPL-5328 (082)	584,759	-
Highway Planning and Construction	20.205	12-5328F15	208,777	208,777
Total Highway Planning and Construction Cluster			814,965	230,206
Passed through California Department of Transportation:				
State and Community Highway Safety	20.600	PT18049	87,351	-
State and Community Highway Safety	20.600	PT19041	144,211	-
Total Highway Safety Cluster			231,562	-
Total U.S. Department of Transportation			1,046,527	230,206
<u>U.S. Department of Health and Human Services</u>				
Passed through the County of Orange Social Services Agency:				
Promoting Safe and Stable Families	93.556	FFZ1015	115,810	-
Passed through Community SeniorServe, Inc:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	17-27-0016	25,214	-
Total Aging Cluster			25,214	-
Total U.S. Department of Health and Human Services			141,024	-
<u>U.S. Department of Homeland Security</u>				
Direct Assistance:				
Assistance to Firefighters Grant	97.044	EMW-2016-FO-03037	46,537	-
Total U.S. Department of Homeland Security			46,537	-
Total Expenditures of Federal Awards			\$ 36,964,495	359,352

See accompanying notes to Schedule of Expenditures of Federal Awards

CITY OF GARDEN GROVE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2019

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the City of Garden Grove (City) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City. The City did not use the 10% de minimis indirect cost rate as covered in section 200.414 of the Uniform Guidance.

(b) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified-accrual basis of accounting for those grants that were recorded in governmental funds, and on the accrual basis of accounting for those grants that were recorded in proprietary funds. Such expenditures for part of the year are recognized following the cost principles contained in OMB Circular 87, Cost Principles for State, Local, and Indian Tribal Governments, and for part of the year contained in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

(c) Subrecipients

For the fiscal year ended June 30, 2019, payments to subrecipients consisted of the following:

Emergency Solutions Grant Program	E-17-MC-06-0505	\$ 129,146
Highway Planning and Construction	ATP02-12-196M	21,429
Highway Planning and Construction	12-5328F15	<u>208,777</u>
Total		<u>\$ 359,352</u>

CITY OF GARDEN GROVE
SUMMARY OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2019

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not Considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not Considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
------------------------------	--

14.871	Housing Choice Voucher Cluster
--------	--------------------------------

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,108,935
Auditee qualified as a low-risk auditee?	No

CITY OF GARDEN GROVE
SUMMARY OF FINDINGS AND QUESTIONED COSTS

(Continued)

Section II – Findings Relating to the Basic Financial Statements Reported in Accordance with Government Auditing Standards

There was one finding noted during the year under audit that is required to be reported in accordance with GAGAS.

Reference Number: **2019-001**

Adjustments Detected During the Audit

While the City has made improvements over the prior years with regard to audit adjustments, a material adjustment and several immaterial audit adjustments were identified during the audit process. A similar issue was also noted in the prior year. The material audit adjustment was related to the recording of unearned revenue in the Solid Waste Enterprise Fund. The auditing standards acknowledge that the auditor should not be part of the City's system of internal controls because adjusting material transactions in the financial statements creates an independence threat and reduces auditor transparency.

Recommendation

To minimize the need for audit adjustments, the City should establish procedures to, whenever possible, identify all adjustments in the reporting period in which the related transactions occurred. We recommend the City continue to improve its procedures to avoid audit adjustments at year end.

Management's Comments Regarding Corrective Actions Planned

We acknowledge and concur with the recommendation. The City will continue to work diligently in improving its month-end and year-end procedures to assure that the necessary adjustments are recorded on a timely basis.

Section III – Federal Award Findings and Questioned Costs

There were no findings required to be reported under 2 CFR 200, paragraph .16 of the Uniform Guidance.

CITY OF GARDEN GROVE
STATUS OF PRIOR AUDIT FINDINGS

Year ended June 30, 2019

Reference Number: 2018-001

Audit Adjustments and Prior Period Restatements

While the City has made improvements over the prior years with regard to audit adjustments, certain material and immaterial audit adjustments were identified during the audit process. The material audit adjustments related to unearned revenue and other receivables. The auditing standards acknowledge that the auditor should not be part of the City's system of internal controls because adjusting material transactions in the financial statements creates an independence threat and reduces auditor transparency. There were also prior period restatements identified by the City during the City's year end closing procedures that were related to capital assets and notes receivable. The auditing standards also acknowledge that internal control concerns exist when restatements are made to previously issued financial statements.

Status of Corrective Action

This finding is partially resolved as there were no material prior period adjustments reflected in the 2019 financial statements. However, a material audit adjustment was noted during the current year audit and, as a result, that part of the finding is being repeated in the current year as finding 2019-001.

Reference Number: 2018-002

Federal Awards – Allowable Costs

During the year ended June 30, 2018, personnel costs were directly charged to the Section 8 Housing Choice Voucher program. These personnel costs included individuals that were 100% charged to the program and individuals that had only a portion of their salaries and benefits charged to the program. We noted that these personnel costs for individuals that had only a portion of their salaries charged to the program were based on predetermined allocation percentages (budget estimates) and were not based on the actual hours the employees worked on the program.

Status of Corrective Action

This finding has been cleared.

Reference Number: 2018-003

Federal Awards - Reporting

Certain federal grant programs require the submission of quarterly report Form SF-425. We noted during our review, that Form SF-425 was submitted for the quarters ending December

CITY OF GARDEN GROVE
STATUS OF PRIOR AUDIT FINDINGS

(Continued)

31, 2017 and March 31, 2018, but was not submitted for the quarters ending September 30, 2017 or June 30, 2018.

Status of Corrective Action

This finding has been cleared.

**Independent Accountant's Report on Agreed-Upon Procedures
Applied to Appropriations Limit Worksheets**

The Honorable Mayor and City Council
City of Garden Grove, California

We have applied the procedures enumerated below to the appropriations limit worksheets prepared by the City of Garden Grove, California (City) for the year ended June 30, 2019. These procedures, which were agreed to by the City and the League of California Cities (as presented in the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*) were performed solely to assist the City in meeting the requirements of Section 1.5 of *Article XIII B of the California Constitution*. The City is responsible for the calculations and adoption of the Appropriations Limit.

The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained the worksheets referred to above and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

Results: No exceptions were noted as a result of our procedures.

2. We recalculated the mathematical calculations reflected in the City's worksheets.

Results: No exceptions were noted as a result of our procedures.

3. We compared the current year information used to determine the current year limit and found that it agreed to worksheets prepared by the City and to information provided by the State Department of Finance.

Results: No exceptions were noted as a result of our procedures.

4. We compared the amount of the prior year appropriations limit presented in the worksheets to the amount adopted by the City Council as the limit for the prior year.

Results: No exceptions were noted as a result of our procedures.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the worksheets referred to above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*.

This report is intended solely for the use of the City of Garden Grove, California and is not intended to be, and should not be, used by anyone other than the specified parties.

Davis Fan up

Irvine, California
December 4, 2019

**Independent Accountant's Report on Agreed-Upon Procedures
Applied to Appropriations Limit Worksheets**

Board of Directors
of The Garden Grove Sanitary District
Garden Grove, California

We have applied the procedures enumerated below to the appropriations limit worksheets prepared by the Garden Grove Sanitary District (the District) for the year ended June 30, 2019. These procedures, which were agreed to by the District and the League of California Cities (as presented in the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*) were performed solely to assist the District in meeting the requirements of Section 1.5 of *Article XIII B of the California Constitution*. The District is responsible for the calculations and adoption of the Appropriations Limit.

The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained the worksheets referred to above and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the Board of Directors. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the Board of Directors.

Results: No exceptions were noted as a result of our procedures.

2. We recalculated the mathematical calculations reflected in the District's worksheets.

Results: No exceptions were noted as a result of our procedures.

3. We compared the current year information used to determine the current year limit and found that it agreed to worksheets prepared by the District and to information provided by the State Department of Finance.

Results: No exceptions were noted as a result of our procedures.

4. We compared the amount of the prior year appropriations limit presented in the worksheets to the amount adopted by the Board of Directors as the limit for the prior year.

Results: No exceptions were noted as a result of our procedures.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the worksheets referred to above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for

the base year, as defined by the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*.

This report is intended solely for the use of the District and is not intended to be, and should not be, used by anyone other than the specified parties.

A handwritten signature in blue ink that reads "Davis" followed by the phrase "fan up". The signature is written in a cursive, informal style.

Irvine, California
December 4, 2019

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of the Air Quality
Improvement Special Revenue Fund Performed
in Accordance with *Government Auditing Standard***

The Honorable City Council of
the City of Garden Grove, California

We have audited, in accordance with the 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, the financial statements of the City of Garden Grove, California (the City) including the Air Quality Improvement Special Revenue Fund (the Fund) of the City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 4, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the Fund's financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Fund financial statements are free from 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. Such provisions include those provisions of laws and regulations identified in Assembly Bill 2766 Chapter 1705 [Health and

Safety Code Sections 44220 through 44247] (the Guide). 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Guide in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
December 4, 2019

To the Honorable City Council
The City of Garden Grove

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 Garden Grove ("City") for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and OMB Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 29, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No significant new accounting policies were adopted, and the application of existing policies were not changed during 2019. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of amounts recorded as claims and liabilities is based on management's reliance on a third party claims administrator. We evaluated the key factors and assumptions used to develop the amounts by the third party claims administrator and determined that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of transactions related to net pension and OPEB liabilities based on actuarial information. We evaluated the key factors and assumptions used to develop the amounts by the actuary and determined that it is reasonable in relation to the financial statements taken as a whole.

Management's determination that certain notes receivable with third parties are fully collectible. We evaluated the key factors and assumptions used to arrive at that determination and determined that it is reasonable in relation to the financial statements taken as a whole.

There were no particularly sensitive note disclosures affecting the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, except for one. This one uncorrected immaterial misstatement related to an adjustment to increase claims payable for potential claims incurred but not reported. For this uncorrected misstatement, management has determined that the effect is immaterial both individually and in the aggregate, to each effected opinion unit's financial statements taken as a whole. There was one material misstatement detected as a result of audit procedures, and corrected by management, that related to the recording of unearned revenue in the Solid Waste Enterprise Fund.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 4, 2019.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the *management's discussion and analysis, the schedule of changes in the net pension liability and related ratios and the schedule of contributions - miscellaneous, and safety plans, the schedule of changes in OPEB liability and related ratios, and budgetary comparison schedules*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the *combining and individual non-major fund financial statements* and the *budgetary comparison schedules*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of City Council and management of the City of Garden Grove and is not intended to be, and should not be, used by anyone other than these specified parties.

Davis Fan up

Irvine, California
December 4, 2019

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	William E. Murray
Dept.:	City Manager	Dept.:	Public Works
Subject:	Award a contract to Unifirst Corporation for uniforms and related Items. (Cost: \$240,000) (<i>Action Item</i>)		
		Date:	12/17/2019

OBJECTIVE

To request that the City Council award a contract to Unifirst Corporation to provide employee uniforms and other related items.

BACKGROUND

The existing uniform agreement expires on December 31, 2019. A Request for Proposal (RFP) #S-1257-A was issued and advertised on October 4, 2019. The proposal document was posted on the City's website via the Planet Bids on-line bidding service.

Uniform rental and related service items such as various building mats, runners, and dust mops for cleaning are an integral part of safety equipment provided to employees to fulfill tasks.

DISCUSSION

Two (2) proposals were received and opened on November 4, 2019. A Source Selection Committee was formed to evaluate the qualifications of the proposers. On December 4, 2019, after review of references, pricing and qualifications, the committee voted unanimously for the highest scoring proposer, Unifirst Corporation. The second bidder, Aramark Uniform Services, did not meet the requirements as set forth in the specifications and requested further modifications and exclusions not acceptable to the City.

FINANCIAL IMPACT

The initial term of the agreement is three (3) years in the amount of \$240,000, with an option to renew the contract for two (2) additional 12 month terms for a total of 60 months.

RECOMMENDATION

It is recommended that the City Council:

- Award a contract to Unifirst Corporation in the firm fixed amount of \$240,000, with the option to renew the contract for two (2) additional 12 month terms for a total of \$400,000 for 60 months;
- Authorize the City Manager to execute the agreement on behalf of the City and;
- Authorize the City Manager to exercise each optional term of the agreement and sign the option year agreements through December 17, 2024, provided that sufficient funds are budgeted for the option years.

By: Brent Hayes, Public Works Supervisor

ATTACHMENTS:

Description	Upload Date	Type	File Name
Unifirst Contract	12/11/2019	Agreement	UNIFIRST.pdf

UNIFORM AGREEMENT

THIS AGREEMENT is made this _____ day of _____, 2020, by the **CITY OF GARDEN GROVE**, a municipal corporation, ("CITY") and **Unifirst Corporation**, herein after referred to as "CONTRACTOR".

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to Garden Grove COUNCIL AUTHORIZATION, DATED _____.
2. CITY desires to utilize the services of CONTRACTOR to Provide Employee Uniforms and Other Related Services for the City of Garden Grove Public Works Department.
3. CONTRACTOR is qualified by virtue of experience, training, education and expertise to accomplish services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term and Termination.** The term of the agreement shall be for period of three (3) years from full execution of the agreement, with an option to extend said agreement additional two (2) years, for a total performance period of five (5) years. Option years shall be exercised one (1) year at a time, at the sole option of the CITY. This agreement may be terminated by the CITY without cause. In such event, the CITY will compensate CONTRACTOR for work performed to date in accordance with the Scope of Work which is attached as Attachment A and is hereby incorporated by reference. CONTRACTOR is required to present evidence to support performed work.
2. **Services to be Provided.** The services to be performed by CONTRACTOR shall consist of tasks as set forth in the Scope of Work. The Scope of Work is attached as Attachment "A", and is incorporated herein by reference. The Scope of Work and this Agreement do not guarantee any specific amount of work.
3. **Compensation.** CONTRACTOR shall be compensated as follows:
 - 3.1 **AMOUNT.** Total Compensation under this agreement shall not exceed (NTE) amount of Eighty Thousand Dollars (\$80,000.00), per year, payable in arrears and in accordance with Proposal Pricing in Attachment "B".

- 3.2 Payment For work under this Agreement, payment shall be made per invoice for work completed. Within 45 day of delivery of goods or completion of performance of services, CONTRACTOR must promptly render an invoice to CITY or payment may be significantly delayed. For extra work not a part of this Agreement, a written authorization by CITY will be required, and payment shall be based on Proposal Pricing Attachment "B" included in proposal. For extra work not a part of this Agreement, a written authorization by CITY will be required, and payment shall be based on schedule included in Proposal Pricing Attachment "B". All work shall be in accordance with RFP. No. S-1257-A.
- 3.3 Records of Expenses. CONTRACTOR shall keep complete and accurate records of all costs and expenses incidental to services covered by this Agreement. These records will be made available at reasonable times to CITY.
- 3.4 Termination. CITY shall have the right to terminate this agreement, without cause, by giving thirty (30) days written notice of termination. If the Agreement is terminated by CITY, then the provisions of paragraph 3 would apply to that portion of the work completed.

4. **Insurance requirements.**

- 4.1 COMMENCEMENT OF WORK. CONTRACTOR shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the CITY. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the CITY of any material change, cancellation, or termination at least thirty (30) days in advance and provide a Waiver of Subrogation in favor of the City.
- 4.2 WORKERS COMPENSATION INSURANCE. During the duration of this Agreement, CONTRACTOR and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law, if applicable.
- 4.3 INSURANCE AMOUNTS. CONTRACTOR shall maintain the following insurance for the duration of this Agreement:
- (a) Commercial general liability in an amount of \$1,000,000.00 per occurrence (**claims made and modified occurrence policies are not acceptable**); Insurance companies must be acceptable to CITY and have a Best's Guide Rating of A-Class VII or better, as approved by the CITY.

- (b) Automobile liability in an amount of \$1,000,000.00 combined single limit **(claims made and modified occurrence policies are not acceptable)**; Insurance companies must be acceptable to CITY and have a Best's Guide Rating of A-, Class VII or better, as approved by the CITY.

An **On-Going and Products Completed Operations Additional Insured Endorsement** for the policy under section 4.3 (a) shall designate CITY, it's officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the CONTRACTOR. CONTRACTOR shall provide to CITY proof of insurance and endorsement forms that conform to CITY's requirements, as approved by the CITY.

An Additional Insured Endorsement for the policy under section 4.3 (b) shall designate CITY, it's officers, officials, employees, agents, and volunteers as additional insureds for automobiles, owned, leased, hired, or borrowed by the CONTRACTOR. CONTRACTOR shall provide to CITY proof of insurance and endorsement forms that conform to CITY's requirements, as approved by the CITY.

For any claims related to this Agreement, CONTRACTOR's insurance coverage shall be primary insurance as respects CITY, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the CITY, its officers, officials, employees, agents, and volunteers shall be excess of the CONTRACTOR insurance and shall not contribute with it.

If CONTRACTOR maintains higher insurance limits than the minimums shown above, CONTRACTOR shall provide coverage for the higher insurance limits otherwise maintained by the CONTRACTOR.

5. **Non-Liability of Officials and Employees of the CITY.** No official or employee of CITY shall be personally liable to CONTRACTOR in the event of any default or breach by CITY, or for any amount which may become due to CONTRACTOR.
6. **Non-Discrimination.** CONTRACTOR covenants there shall be no discrimination against any person or group due to race, color, creed, religion, sex, marital status, age, handicap, national origin, or ancestry, in any activity pursuant to this Agreement.
7. **Independent Contractor.** It is agreed to that CONTRACTOR shall act and be an independent contractor and not an agent or employee of the CITY, and shall obtain no rights to any benefits which accrue to CITY'S employees.

8. **Compliance with Law.** CONTRACTOR shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government. CONTRACTOR shall comply with, and shall be responsible for causing all contractors and subcontractors performing any of the work pursuant to this Agreement to comply with, all applicable federal and state labor standards, including, to the extent applicable, the prevailing wage requirements promulgated by the Director of Industrial Relations of the State of California Department of Labor. The City makes no warranty or representation concerning whether any of the work performed pursuant to this Agreement constitutes public works subject to the prevailing wage requirements.
9. **Notices.** All notices shall be personally delivered or mailed to the below listed address, or to such other addresses as may be designated by written notice. These addresses shall be used for delivery of service of process.
- a. (CONTRACTOR)
Unifirst Corporation
Attention: Anthony Ortega
13123 Rosecrans Avenue
Santa Fe Springs, CA 90670
- b. (Address of CITY) (with a copy to):
City of Garden Grove Garden Grove City Attorney
11222 Acacia Parkway 11222 Acacia Parkway
Garden Grove, CA 92840 Garden Grove, CA 92840
10. **CONTRACTOR'S PROPOSAL.** This Agreement shall include CONTRACTOR'S proposal or bid which shall be incorporated herein by reference. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.
11. **Licenses, Permits, and Fees.** At its sole expense, CONTRACTOR shall obtain a Garden Grove Business License, all permits, and licenses as may be required by this Agreement.
12. **Familiarity with Work.** By executing this Agreement, CONTRACTOR warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the facilities, difficulties, and restrictions of the work under this Agreement. Should Contractor discover any latent or unknown conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY of this and shall not proceed, except at CONTRACTOR's risk, until written instructions are received from CITY.
13. **Time of Essence.** Time is of the essence in the performance of this Agreement.

14. **Limitations Upon Subcontracting and Assignment.** The experience, knowledge, capability, and reputation of CONTRACTOR, its principals and employees were a substantial inducement for CITY to enter into this Agreement. CONTRACTOR shall not contract with any other entity to perform the services required without written approval of the CITY. This Agreement may not be assigned voluntarily or by operation of law, without the prior written approval of CITY. If CONTRACTOR is permitted to subcontract any part of this Agreement, CONTRACTOR shall be responsible to CITY for the acts and omissions of its subcontractor as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and CITY. All persons engaged in the work will be considered employees of CONTRACTOR. CITY will deal directly with and will make all payments to CONTRACTOR.
15. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the parties are formally bound.
16. **Indemnification.** To the fullest extent permitted by law, CONTRACTOR shall defend, and hold harmless CITY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damages of any nature, including interference with use of property, arising out of, or in any way connected with the negligence, recklessness and/or intentional wrongful conduct of CONTRACTOR, CONTRACTOR's agents, officers, employees, subcontractors, or independent contractors hired by CONTRACTOR in the performance of the Agreement. The only exception to CONTRACTOR's responsibility to protect, defend, and hold harmless CITY, is due to the sole negligence, recklessness and/or wrongful conduct of CITY, or any of its elective or appointive boards, officers, agents, or employees.
- This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONTRACTOR.
17. **Appropriations.** This Agreement is subject to and contingent upon funds being appropriated therefor by the Garden Grove City Council for each fiscal year covered by the term of this Agreement. If such appropriations are not made, this Agreement shall automatically terminate without penalty to the CITY.

\\ \\

(Agreement Signature Block on Next Page)

IN WITNESS THEREOF, these parties have executed this Agreement on the day and year shown below.

Date: _____

"CITY"
CITY OF GARDEN GROVE

By: _____
City Manager

ATTESTED:

City Clerk

Date: _____

"CONTRACTOR"
Unifirst Corporation

By: _____

Name: _____

Title: _____

Date: _____

Tax ID No. _____

Contractor's License: _____

Expiration Date: _____

If CONTRACTOR is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to CITY.

APPROVED AS TO FORM:

Garden Grove City Attorney

Date

ATTACHMENT "A"
SCOPE OF WORK
RFP No. S-1257-A

Provide Uniforms and Related Services for the City of Garden Grove Public Works Department.

The City of Garden Grove is seeking a highly qualified firm to provide employee uniforms on a rental basis, cleaning of the uniforms, pick-up and delivery of the uniforms and other supplies and related services for the City of Garden Grove Public Works Department. All bidders must furnish a list of references that is to be included in their bid packages, which can be found in Appendix "A" of this document. This RFP is for the weekly cleaning and rental of uniforms for approximately 115 employees, and other related services.

STANDARD UNIFORMS:

Standard uniforms shall consist of navy blue, heavy-duty twill trouser – standard or jean cut option to be (determined by employee).

100% cotton or lightweight cotton-blend with or without tails, or extra-long shirt with or without tails. Shirts shall be orange or blue and either long or short sleeved (as determined by the employee).

100% cotton shirts shall be furnished to all asphalt crewmembers and vehicle maintenance and electrical employees.

Shorts may be also requested by any/all employees.
Material: 65% Dacron/35% cotton, or 100% cotton.

Shop coats, coveralls (65/35%).

PANTS AND SHIRTS -- SUPERVISORS' UNIFORMS:

Front button down shirts with or without optional button down collars (as determined by employee), Pinpoint Oxford, white or blue, with pocket on left side – 50% cotton/50% poly or equivalent.

Pants to be cotton or cotton/blend, standard or jean cut, pleated or non-pleated (determined by employee) in assorted colors such as: dark blue, tan/khaki, dark brown, and gray.

CUSTODIAL:

Mats are standard industrial mats without logos. Mats and mops will also be required with delivery to various locations which are as follows:

1. Garden Grove Police Department-11301 Acacia Parkway, Garden Grove, CA 92840
2. Magnolia Park Gym-11402 Magnolia Street, Garden Grove, CA 92841
3. Community Meeting Center- 11300 Stanford Avenue, Garden Grove, CA 92840

Vendor will be required to deliver all uniforms at no cost to the City. Except for supervisors' shirts, all other shirts will have City seal insignia/logo sewn on right front and employee's first name sewn on the left front of each uniform shirt. Parking Control Staff will have their specific emblem sewn on the left front of each uniform over the pocket and NO NAME emblem. All shirts including supervisor's shirts will have a pocket.

APPROXIMATE REQUIREMENTS:

Quantities listed are the City's best estimate of usage and will be adjusted as needed based on the City's current need. Actual quantities may be greater or less than the quantities listed. The successful vendor shall agree to hold proposed prices firm for the entire performance period in the event that quantities should differ.

The successful bidder shall provide the start-up set of uniforms and janitorial products listed below at the start-up of the contract at no cost to the City. All uniforms shall be replaced every 12 months or on an on-going basis if the uniform is worn out. The City shall be the judge as to when a uniform has outlasted its useful life.

INITIAL ISSUANCE OF UNIFORMS:

All uniforms are to be new and unworn at the time of issuance. All replacement uniforms shall also be new and unworn. During the length of the contract, new employees will receive NEW UNIFORMS within two (2) weeks.

Vendor agrees to provide, and sew on necessary emblems, which will be provided to the City, for each set of uniforms at no additional cost. Glue and other adhesives will not be accepted. Samples of the emblems shall be submitted for approval by the successful bidder.

For the purpose of this contract, a uniform shall consist of one pair of pants and one shirt. All full and part-time employees will receive eleven (11) sets of uniforms.

OUTFITTING OF UNIFORMS:

Vendor shall measure all employees at the beginning of the contract to guarantee consistency in sizing and in quality for proper fit. Vendor shall be required to do all fittings on site at the City's specified location. All employees shall be fitted with care

to ensure proper sizing, including any unusual or unique sizes necessary to ensure comfortable wear, and first class appearance of each individual. Each employee shall be individually measured by trying on sample uniforms.

Each employee will receive eleven (11) sets of clothing. Initially, each employee will receive at least six (6) sets and the balance on the regular delivery day. Deliveries will be made on a schedule mutually determined and acceptable to both parties.

Uniforms shall be delivered on hangers and grouped by individual to facilitate verification by the City. The City will endeavor to group unclean uniforms by individual, to facilitate verification by vendor.

Supervisor uniforms must be properly pressed and starched (starching will be at the discretion of the employee) per executive service standards and shirts must be individually wrapped and/or covered in plastic to protect them during transit and while hanging in closets. Improperly pressed or improperly serviced and/or prepared uniforms will not be accepted. In the event any supervisor's uniform(s) are delivered to the City incorrectly pressed, serviced, and/or prepared, successful bidder will correct such uniform(s) deficiency and re-deliver the properly serviced uniform(s) back to the City within one (1) working week.

Cleaned uniforms must be returned in wearable condition. No torn, stained, or clothing with missing buttons or distinguishable repair patches will be accepted. If uniforms are returned in such condition, they must be replaced within one (1) working week. Any replacement uniforms not returned within one (1) working week, shall be deducted from invoices and credited to the City. A separate bin for repairs will be provided with duplicate repair tags. Upon repair of the uniform, the vendor will provide verification to the City's representative that the uniform has been returned and repaired.

New uniforms for every employee will be ordered at twelve (12) months unless an on-going replacement program is offered and accepted by the City.

The successful bidder must have in place a program or spreadsheet that inspects each garment prior to regular delivery to the City to ensure that no unsightly, defective, and/or unacceptable garments are delivered to the City. Deletions and/or changes including but not limited to; sizing, drop-off point, color, type, etc., shall be requested by the City in writing and/or email. An "unsatisfactory report" will be used by the City to notify the vendor of failing to provide service within the terms and conditions as set forth in the bid/contract.

UNIFORMS:

Standard Uniform:

Trouser	D/O or 100% Cotton work pants; Navy Blue, heavy duty twill (Standard or Jean cut - to be determined by individual employee.)
Shirts	D/O or 100% Cotton work shirt; Orange or Blue; long or short Sleeved - (To be determined by individual employee) (Asphalt and Vehicle Maintenance crews must wear 100% Cotton Shirts)
Shorts	Navy Blue, heavy duty twill

NOTE:

Standard Uniform shirts shall have City logo patch sewn on right front and employee's first name sewn on left front over pocket. The vendor will perform the attachment of patches. Patches will be attached to uniforms as necessary throughout the term of the contract to ensure uniformity and no shirt that requires a logo patch shall be delivered to the City without a logo patch.

Supervisors Uniform:

Shirts	50% Cotton/50% Poly, Pinpoint Oxford cloth, White or Blue front button-down with optional button collar and/or non-button-down collar, w/pocket on left side
Trouser	D/C Pant, brushed pleated or non-pleated, Khaki, Navy, Light or Dark Brown, or Grey; or 100% Cotton Pleated Dress Slacks, Grey, Beige, Khaki, Dark Brown, or Blue (Standard or Jean cut - to be determined by individual employee.)
Golf Type Sport Shirt with pocket on left side.	Cool Weave Sport Shirt with Jacquard Collar and cuffs; Grey, Beige, Khaki, Dark Brown, or Blue; 100% combed cotton 7-ounces, large Pique Knit welt color and cuffs, fashion side vents

ALL UNIFORM ITEMS MUST BE PRE-SHRUNK PRIOR TO SEWING ON ANY PATCH OR EMBROIDERED ITEM.

BILLING/INVOICING FOR SERVICES:

1. Each invoice submitted by the vendor for payment shall have attached all route slips covered by the invoice. Invoices shall be broken down by delivery location or a separate invoice will be issued for each division.
2. No charges will be made for employees on vacation, sick leave, compensation time or leave of absence of five (5) days or more. The City will notify the vendor, in writing, of any absences of this kind.
3. Receipted route slips shall be submitted with the supplier's invoice. Route slips shall note any discrepancy in uniforms either picked up from or delivered to the employee on vacation or sick leave.
4. Vendor shall provide a breakdown of billing by delivery locations services. Vendor to verify actual count of all items at time of pick-up and delivery each week. Shortages to be noted on route slip and corrected within two (2) working days.
5. Vendor payment to be based upon submittal of invoice and approval of and verification of delivery, by delivery location supervisor. No charges will be made for employee on vacation, sick leave, compensation time or leave of absence of five (5) days or more.
6. Vendor will not charge "Special Size Charges", or "Damage" charges for uniforms received damaged.
7. All billing statements are to be sent to the following address:
City of Garden Grove
13802 Newhope Street
Garden Grove, CA 92843

INVENTORY AND PICK OF UNIFORMS:

Proposer shall include in its proposal the process the company will use for inventorying and tracking uniforms that are picked up and delivered to and from the City of Garden Grove.

GARMENT OWNERSHIP:

It is understood that all garments furnished are to remain the property of the vendor unless otherwise noted. In the event that a uniform is damaged and the City is charged a replacement cost, the City should be given the option of keeping the damaged uniform at no additional cost to the City.

UNIFORM RETURNS:

Upon termination of the contract, or upon the termination of an employee, all rental uniforms will be returned to the vendor within thirty (30) working days, and rental of the uniform will cease at that time. The City will pay for uniforms not returned by the employee. Charges for unreturned uniforms will be based upon pro-rated fees.

Employees that are on extended leave of four (4) weeks or longer will not be charged rental until they return to duty. The City shall notify the vendor of any employees who are on extended leave.

ANNUAL REDRESS OR UNIFORM REPLACEMENT PROGRAM

The City requires that uniforms will be re-sized and/or re-fitted for each employee every twelve (12) months.

The City is also open to the option of an on-going replacement program offered by the proposer. If this option is selected, please explain the program in detail and any and all costs associated with this option.

If both options are offered please explain each program in detail and any and all costs associated with each option.

FITTING AND DELIVERY OF UNIFORMS:

Fittings must be completed within five (5) working days of the award of the contract or as agreed upon by the City. The contractor must deliver the new uniforms within 60 calendar days from the date of the fitting or as agreed upon by the City.

OTHER:

The City, with notification, reserves the right to change the amount of uniforms and/or mats at our discretion without monetary penalties from the vendor, including option to terminate contract if service is unsatisfactory.

ATTACHMENT "A"
SCOPE OF WORK
RFP No. S-1257-A

Provide Uniforms and Related Services for the City of Garden Grove Public Works Department.

UNIFORM SPECIFICATIONS

1. Uniforms shall be delivered on hangers and grouped by individual employee to facilitate verification by City representative. Deliveries will be made on a schedule mutually determined and acceptable to both parties.
2. It is required by the City that female employees receive female style/cut uniforms and male employees receive male style/cut uniforms.
3. All garments, on which a patch or other embroidered item will be sewn, **MUST** be pre-shrunk prior to the attaching of the item.
4. Clean uniforms must be returned in wearable condition; no torn, stained, items with buttons missing, or unsightly and noticeable patches will be accepted. If uniforms are returned in such condition, they must be repaired or replaced within one (1) working week. Failure to correct the unwearable conditions could result in an unsatisfactory report. Rental charges will be deducted from the invoices.
5. If uniform deletions or changes become necessary during the contract, the City will request those changes or deletions via email and/or delivered mail.
6. An "Unsatisfactory Report" will be used by the City to notify the vendor of failing to provide service within the terms and conditions as set forth in the agreement with monetary or termination consequences as agreed upon by the City Attorney.
7. The cleaning of all supervisor uniforms will be by "Executive Service"; shirts will be protected by plastic, and hung on hangers that protect the uniform(s) from any creases.
8. Provide a garment control identification tag for each employee uniform which includes a minimum of the employee first initial and last name and identification number.
9. In the event of a shortage, the City will endeavor to notify the vendor as soon as possible after the delivery date of the specific items shorted. It will be the vendor's responsibility to review the shortage notification and verify the pickups and deliveries for the individual claiming the shortage. All shortage claims by the vendor must be supported by documentation.

RFP S-1257-A (BEST AND FINAL OFFER)
UNIFORM RENTAL SERVICES (Page 1 of 3)

ATTACHMENT "B" PROPOSAL PRICING

The City estimates that uniforms will be needed for approximately 115 employee. Actual numbers could be higher or lower.

COTTON UNIFORMS OR EQUIVALENT	Weekly Rental Rate
Weekly Cost per employee for 11 short sleeve shirts and 11 pants	\$6.05
Weekly Cost per employee for 11 long sleeve shirts and 11 pants	\$6.82
Weekly Cost per employee for 11 short sleeve shirts and 11 shorts	\$5.38
Weekly Cost per employee for 11 supervisor shirts and 11 supervisor pants	\$5.83
Weekly Cost per employee for 11 coveralls	\$4.51
Weekly Cost per employee for 11 shop coats	\$4.51
Golf Type Polo Shirts with Pocket	\$0.25
COTTON/POLY BLEND UNIFORMS OR EQUIVALENT	Weekly Rental Rate
Weekly Cost per employee for 11 short sleeve shirts and 11 pants	\$5.06
Weekly Cost per employee for 11 long sleeve shirts and 11 pants	\$5.06
Weekly Cost per employee for 11 short sleeve shirts and 11 shorts	\$5.06
Weekly Cost per employee for 11 supervisor shirts and 11 supervisor pants	\$5.83
Weekly Cost per employee for 11 coveralls	\$4.51
Weekly Cost per employee for 11 shop coats	\$4.51
MATS	Weekly Rental Rate
4 X6 Scraper-Outside	\$1.96
3 X5 Rubber Backed	\$1.22
4 X 6 Rubber Backed	\$1.96
3 X 10 Runner	\$2.45

RFP S-1257-A (BEST AND FINAL OFFER)
UNIFORM RENTAL SERVICES (Page 2 of 3)
ATTACHMENT "B" PROPOSAL PRICING

DUST MOPS	Weekly Rental Rate
24 Inch	\$0.37
36 Inch	\$0.55
48 Inch	\$0.73
SHOP TOWELS (SMALL)	Weekly Rental Rate
Quantity of 200	\$10.20
FENDER COVERS	Weekly Rental Rate
Quantity of 2	\$1.16
REPLACEMENT COST PER ITEM	Price per Item
Cotton Short Sleeve Shirt	\$15.70
Cotton Long Sleeve Shirt	\$16.72
Cotton Pants	\$20.22
Cotton Shorts	\$16.69
Cotton Supervisor Shirt	\$16.20
Cotton Supervisor Pants	\$16.69
Cotton Coveralls	\$25.95
Cotton Shop Coat	\$25.95
Golf Type Polo	\$15.34
Cotton/Poly Blend Short Sleeve Shirt	\$10.80
Cotton/Poly Blend Long Sleeve Shirt	\$10.80
Cotton/Poly Blend Pants	\$16.69
Cotton/Poly Blend Shorts	\$16.69
Cotton/Poly Blend Supervisor Shirt	\$16.20
Cotton/Poly Blend Supervisor Pants	\$16.69
Cotton/Poly Blend Coveralls	\$25.95
Cotton/Poly Blend Shop Coat	\$25.95

RFP S-1257-A (BEST AND FINAL OFFER)

UNIFORM RENTAL SERVICES (Page 3 of 3)

ATTACHMENT "B" PROPOSAL PRICING

REPLACEMENT COST PER ITEM	Price per Item
4 X6 Mat Scraper-Outside	\$75.13
3 X5 Mat Rubber Backed	\$33.46
4 X 6 MatRubber Backed	\$57.23
3 X 10 Mat Runner	\$68.42
Shop Towel	\$0.25
Fender Cover	\$3.29
Dust Mop 24 Inch	\$7.36
Dust Mop 36 Inch	\$9.44
Dust Mop 48 Inch	\$11.32

The City reserves the right to add and delete uniforms and related services related to this RFP as needed or as funding permits. *The City also reserves the right to select between the COTTON OR COTTON/POLY BLEND or a combination of both types of uniforms based on employee preference and budget availability. The City reserves the right to make the final decision as to whether or not equivalents will be accepted.*

Contractor must be able to provide all products/services requested. PARTIAL PRICING PROPOSALS WILL NOT BE ACCEPTED! ALL LINES ON THIS FORM MUST BE COMPLETED OR THE CITY RESERVES THE RIGHT TO DEEM YOUR PROPOSAL AS NON-RESPONSIVE

SIGNATURE: 

PRINT NAME: R. Anthony Ortega

TITLE : General Manager

COMPANY NAME: UniFirst Corporation

EMAIL ADDRESS: Robert_A_Ortega@unifirst.com

PHONE NUMBER: (562)926-2377

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Lisa L. Kim
Dept.:	City Manager/Director	Dept.:	Community and Economic Development
Subject:	Adoption of a Resolution to approve an Exchange, Disposition and Cooperation Agreement between the Garden Grove Housing Authority and the City of Garden Grove and approval of funding appropriation. (Amount: \$495,000) (<i>Joint Action with the Garden Grove Housing Authority.</i>)		
		Date:	12/17/2019

OBJECTIVE

To approve a Joint Resolution to authorize execution of an Exchange, Disposition, and Cooperation Agreement for exchange of properties between the Garden Grove Housing Authority (HA) located at 10932, 12892, 12942 Acacia Parkway and the City of Garden Grove (City) located at 11391 Acacia Parkway.

BACKGROUND

In May 2019, the final Downtown Parking Management Strategic Plan (Plan) was presented to the City Council which summarized a variety of recommendations and strategies to mitigate future parking needs in the downtown Civic Center area. This parking effort was in response to early Reimagine Initiatives in which community feedback expressed the desire to have public art, bike lanes, community events, music festivals, holiday lighting, market food halls, and at the top of the list was the concern to accommodate enough parking for future development. Incorporated into the Plan was an on-line survey that provided a source of anecdotal information from the community and visitors in the downtown study area to determine parking preferences. Key takeaways from this survey revealed:

1. The majority users of the parking were downtown diners/shoppers; and,
2. The most important factor was "the distance to the destination from their parking space".

With increased visitors to the City's Historic Main Street and downtown area growing, the need for public parking is vital to ensure that the local small businesses continue to thrive. Over the past two years, the success of the Reimagine Initiatives have brought about new retailers and eateries including: ePatisserie, Phin Smith Coffee, Ambrosia Acai, AUM Beer, and the SteelCraft Garden Grove project that is home to nine tenants and the proposed business expansion of Louie's outdoor dining area and patio. With the ongoing trends of adaptive reuse and new development, ensuring available resources such as public parking for the downtown Civic Center Street is essential. To that end, promoting shared parking uses including the properties identified at 10936, 12892, 12942 Acacia Parkway are encouraged.

DISCUSSION

For consideration is a proposed Exchange, Disposition and Cooperation Agreement that provides for the exchange of properties between the City and HA. Currently operating on the City-owned property located at 11391 Acacia Parkway is North County Senior Services, LLC, previously, the Acacia Adult Day Services. In November 1992, the former Redevelopment Agency entered into a ground lease with Acacia Adult Day Services who proceeded to build a facility and has been providing adult day care services for senior citizens. The proposed Exchange takes into consideration the future needs and services of Garden Grove's senior population at the current center with the amended lease agreement approved by the City Council with North County Senior Services, LLC on November 26, 2019. The Exchange also presents an opportunity for the City to consider a future site for quality affordable housing.

The City owns the property located at 11391 Acacia Parkway comprised of approximately 1.6 acres (City Property). Acquired in 1956, the City Property was part of the former Fitz Intermediate School and subsequently utilized for many years as the original City Hall. The original City Hall was demolished in late 1995. Shortly

thereafter, in 1996, the City and Acacia Adult Day Services entered into a thirty (30) year ground lease agreement and as of today, the services continue to operate the adult day-care facility.

The HA owns the properties located at 10936, 12892, 12942 Acacia Parkway, collectively comprised of five (5) parcels and totals approximately 1.7 acres (together, HA Properties). The HA Properties are currently utilized as a public parking lot improved with 158 surface parking spaces.

To effectuate the exchange of City and HA properties, a Summary Report has been prepared pursuant to Health and Safety Code Section 33431 that authorizes the Housing Authority to sell or lease its real property acquired with tax increment, subject to certain noticing, public hearing, and reporting requirements. Substantiated by an MAI appraiser, Fair Market Appraisals were conducted for both the City and the HA properties and determined the values in the amounts of \$4,855,000 and \$5,330,000, respectively. The exchange of the City and HA properties would result in an amount of \$475,000 to be paid by the City to be deposited into the Low and Moderate Income Housing Trust Fund. The City would pay all related closing costs estimated at twenty thousand dollars (\$20,000).

Staff recommends that the City Council find that the effects of the proposed exchange of property is Categorically Exempt from the requirements to prepare additional environmental documentation per California Environmental Quality Act (CEQA) Guidelines, in particular Section 15004(b)(2)(A), which provides that agencies may designate a preferred project site and may enter into land acquisition agreements conditioned on CEQA compliance. Furthermore, CEQA applies only when a public agency has "approved" a project. For these purposes, "approval" means the decision by a public agency to a definite course of action (Guidelines Section 15352). Here, approval of the Exchange Agreement does not commit either agency to any specific construction plan or project. The Exchange Agreement does not define a particular project well enough to provide meaningful information for environmental assessment. In the future, if any of the sites become defined with a proposed project, subsequent CEQA analysis would be performed as required.

The proposed Exchange of properties would help towards ensuring that the Historic Main Street and Civic Center area continue to thrive and prosper by preserving the shared-use parking at parking at 10932, 12892, 12942 Acacia Parkway. This action presents the City with the opportunity to continue to provide parking, convenient parking for patrons, visitors, and reduce the need to park in the adjacent residential areas. Therefore, it is recommended that the City Council approve the Exchange, Disposition, and Cooperation Agreement.

FINANCIAL IMPACT

The proposed Exchange will result in a need of an additional appropriation of \$495,000 from the General Fund, which includes \$475,000 to be paid by the City to HA, and \$20,000 for estimated closing costs. Upon approval of the proposed Exchange and close of escrow, \$475,000 will be deposited into the Low and Moderate Income Housing Trust Fund.

RECOMMENDATION

It is recommended that the City Council:

- Adopt the Resolution approving the Exchange, Disposition, and Cooperation Agreement between the City of Garden Grove and the Garden Grove Housing Authority;
- Authorize the City Manager and City Clerk to execute the Agreement, Grant Deed, pertinent documents needed to effectuate the Exchange and make minor modifications as needed, on behalf of the City; and,
- Approve an additional appropriation of \$495,000 from the General Fund, and authorize the Finance Officer to transfer \$475,000 from the General Fund to the Low and Moderate Income Housing Trust Fund, and disburse related closing cost.

It is recommended that the Housing Authority:

- Adopt the Resolution approving the Exchange, Disposition, and Cooperation Agreement between the City of Garden Grove and the Garden Grove Housing Authority;
- Authorize the City Manager and City Clerk to execute the Agreement, Grant Deed, pertinent documents needed to effectuate the Exchange and make minor modifications as needed, on behalf of the City; and,

By: Paul Guerrero, Sr. Program Specialist/Real Property Agent

ATTACHMENTS:

Description	Upload Date	Type	File Name
CC Resolution	12/12/2019	Resolution	12-17-19_Resolution_of_City_Council_Approving_Exchange_Agreement__4839-6847-0190_3.pdf
HA Resolution	12/12/2019	Resolution	12-17-19_Resolution_of_Housing_Authority_Approving_Exchange_Agreement__4841-0268-7918_3.pdf
Exchange Agreement	12/13/2019	Agreement	Exchange_Disposition_and_Cooperation_Agreement_City_and_Housing_Authority.docx
Summary Report Regarding Exchange of Properties between City and Housing Authority	12/10/2019	Backup Material	Summary_Report_re_Exchange_of_Properties_between_City_and_Housing_Authority_under_HSC_34312.3__4850-4590-1998.docx

GARDEN GROVE CITY COUNCIL

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING THAT CERTAIN EXCHANGE, DISPOSITION AND COOPERATION AGREEMENT WITH ESCROW INSTRUCTIONS FOR EXCHANGE OF REAL PROPERTY ("EXCHANGE AGREEMENT") BETWEEN THE CITY AND HOUSING AUTHORITY; AUTHORIZING THE CITY MANAGER TO CARRY OUT THE EXCHANGE AGREEMENT; AND MAKING CERTAIN OTHER FINDINGS IN CONNECTION THEREWITH

WHEREAS, the City of Garden Grove is a municipal corporation of the State of California ("City");

WHEREAS, the Housing Authority is a public body corporate and politic formed and operating under the California Housing Authorities Law, Health and Safety Code Section 34200, *et seq.* ("HAL") and serves as the housing successor under the Dissolution Law, Health and Safety Code Section 34170, *et seq.*, in particular Section 34176.1;

WHEREAS, prior to February 1, 2012, the Garden Grove Agency for Community Development ("Former Agency") was a community redevelopment agency duly organized and existing under the California Community Redevelopment Law (HSC Section 33000, *et seq.*), and was authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council ("City Council");

WHEREAS, Assembly Bill x1 26, chaptered and effective on June 27, 2011, added Parts 1.8 and 1.85 to Division 24 of the HSC that caused the dissolution of all California redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484, chaptered and effective on June 27, 2012, (together, the "Dissolution Law"); and on and as of February 1, 2012, the Former Agency was dissolved under the Dissolution Law;

WHEREAS, on January 17, 2012, the City Council adopted Resolution No. 9089-12 by which the City declined to assume the housing assets and responsibility to perform the housing functions performed previously by the Former Agency and designated the Housing Authority to serve and act as the "housing successor" under HSC Section 34176(b);

WHEREAS, on January 24, 2012, the Garden Grove Housing Authority ("Housing Authority") by motion and then unanimous vote accepted the rights, powers, assets, liabilities, duties and obligations associated with the housing functions of the Former Agency (at that date still the Garden Grove Agency for Community Development pre dissolution.);

WHEREAS, on March 28, 2012, by Resolution No. 2-12, the Oversight Board to the Successor Agency to the Garden Grove Agency for Community Development determined and affirmed that the Former Agency's housing assets and housing functions were transferred to the Housing Authority, acting as Housing Successor, on and as of February 1, 2012, and affirmed that the Housing Authority, acting as Housing Successor, has all rights, powers, duties and obligations relating to the housing assets and functions of the Former Agency under the Dissolution Law;

WHEREAS, under HSC Section 34176(a)(2), the Housing Authority, as housing successor to the Former Agency, prepared a Housing Asset Transfer Schedule ("HAT") and submitted the HAT to the State of California, Department of Finance ("DOF") for review and approval, and then, on August 30, 2012, the DOF approved the HAT with certain modifications that are unrelated to the HA Property; the approved HAT includes the subject HA Property and thereby is a DOF-approved housing asset under the Dissolution Law and asset of the Housing Authority under the HAL;

WHEREAS, therefore, on, as of, and ongoing the Housing Authority by operation of law, in particular under the Dissolution Law Sections 34176 and 34176.1, has been vested with the ownership and control of the housing assets, including without limitation the HA Property (defined in next recital) that is the subject of this Exchange Agreement;

WHEREAS, the Housing Authority is the owner of certain real property located at 10936, 12892, 12942 Acacia Parkway, Garden Grove, California APNs: 089-213-02, 089-213-28, 089-213-29, 089-213-31, 089-213-32 and 089-213-36 (together, "HA Property") as to be exchanged and conveyed by the Housing Authority to the City for public purposes, under that certain *Exchange, Disposition and Cooperation Agreement with Escrow Instructions for Exchange of Real Property* ("Exchange Agreement");

WHEREAS, the City is the owner of certain real property located at 11391 Acacia Parkway, Garden Grove, California (APN 090-154-57 (portion)) (herein, "City Property") as proposed hereunder to be exchanged and conveyed by the City to Housing Authority for affordable housing purposes under HSC Section 34312.3(b) under the Exchange Agreement;

WHEREAS, by the Exchange Agreement, the Housing Authority intends to exchange and convey the HA Property to the City, and the City intends to exchange and convey the City Property to the Housing Authority;

WHEREAS, the Exchange with conveyance of the HA Property by the Housing Authority to City is subject to the provisions of HSC Sections 34312.3(b) and 33431; and, in implementation thereof, the City Council and Housing Authority have held a public hearing at a duly noticed special joint meeting and the City Council by this Resolution desires to approve the Exchange Agreement;

WHEREAS, a summary report about the HA Property was prepared and made available to the public along with the Exchange Agreement and were presented to the City Council and Housing Authority in connection with this matter and the joint public hearing;

WHEREAS, capitalized terms used in this Resolution are as defined in the Exchange Agreement, unless otherwise defined herein;

WHEREAS, the City Council and Housing Authority have duly considered all terms and conditions of the Exchange Agreement and believe that the Exchange in the vital and best interest of the City and Housing Authority and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable laws and by this Resolution the City Council and Housing Authority desire to approve the Exchange Agreement; and

WHEREAS, under the California Environmental Quality Act, California Public Resources Code Section 21000, *et seq.*, ("CEQA") and the implementing regulations set forth at Title 14 California Code of Regulations Section 15000, *et seq.* ("Guidelines"), in particular Section 15004(b)(2)(A) provides that agencies may designate a preferred project site and may enter into land acquisition agreements conditioned on CEQA compliance such that the Exchange Agreement is exempt from CEQA, because future development of an affordable housing project is required to undergo CEQA review by the City of Garden Grove. Furthermore, CEQA applies only when a public agency has "approved" a project. For these purposes, "approval" means the decision by a public agency which commits the agency to a definite course of action. (CEQA Guidelines section 15352.) Here, approval of the Exchange Agreement does not commit either agency to any specific construction plan or project. The Exchange Agreement does not define a particular project well enough to provide meaningful information for environmental assessment.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GARDEN GROVE:

Section 1. The City Council finds and determines the foregoing recitals are true and correct and are a substantive part of this Resolution.

Section 2. The City Council approves the Exchange Agreement between the City and Housing Authority with such changes mutually agreed and necessary as are minor and in substantial conformance with the form of the Exchange Agreement that has been submitted herewith. The Mayor, and his authorized designees, and the City Clerk, and her authorized designees, are hereby authorized to execute and attest the Exchange Agreement on behalf of the City. And, in implementation of the Exchange Agreement, the City Manager (and authorized designees) is authorized to sign the final version of the Exchange Agreement after completion of non-substantive, minor revisions, if any. Copies of the final form of the Exchange Agreement, when duly executed and attested, shall be placed on file in the office of the City Clerk. Further,

the City Manager (or authorized designees) is authorized to implement the Exchange Agreement and take all further actions and execute all documents referenced therein and/or necessary and appropriate to carry out such contract including any and all implementing agreements thereto. The City Manager (or authorized designees) is authorized to implement the Exchange Agreement and take all further actions and execute all documents referenced therein and/or necessary and appropriate to carry out such contract including any and all implementing agreements thereto. The City Manager (or authorized designees) is hereby authorized to the extent necessary during the implementation of the Exchange Agreement to make technical or minor changes and interpretations thereto after execution and take other actions, as necessary, to properly implement and carry out the Exchange Agreement, provided any and all such changes and actions thereunder shall not in any manner materially affect the rights and obligations of the City under the Exchange Agreement approved hereby.

Section 3. In addition to the authorization of Sections 2 above, the City Manager (or authorized designees) is hereby authorized, on behalf of the City, to sign all other documents and take other necessary actions appropriate to carry out and implement the Exchange Agreement, including causing the issuance of warrants in implementation thereto, and to administer the City's obligations, responsibilities and duties to be performed under the Exchange Agreement.

Section 4. The City Council finds and determines that the Exchange Agreement meets the categorical exemptions under CEQA as cited in the above recitals and that City Council conditions future use of such properties on CEQA compliance.

Section 5. The City Manager (and authorized designees) is hereby directed to file a Notice of Exemption with the County Clerk of the County of Orange, under Public Resources Code Section 21084 and CEQA Guidelines Section 15062 and 15374.

Section 6. The City Clerk shall certify to the adoption of this Resolution.

ATTACHMENT TO CITY COUNCIL RESOLUTION
ATTACH COPY OF EXCHANGE AGREEMENT

GARDEN GROVE HOUSING AUTHORITY

RESOLUTION NO.

A RESOLUTION OF THE GARDEN GROVE HOUSING AUTHORITY
APPROVING THAT CERTAIN EXCHANGE, DISPOSITION AND COOPERATION
AGREEMENT WITH ESCROW INSTRUCTIONS FOR EXCHANGE OF REAL PROPERTY
("EXCHANGE AGREEMENT") BETWEEN THE CITY AND HOUSING AUTHORITY;
AUTHORIZING THE AUTHORITY DIRECTOR TO CARRY OUT THE EXCHANGE
AGREEMENT; AND MAKING CERTAIN OTHER FINDINGS IN CONNECTION
THEREWITH

WHEREAS, the City of Garden Grove is a municipal corporation of the State of California ("City");

WHEREAS, the Housing Authority is a public body corporate and politic formed and operating under the California Housing Authorities Law, Health and Safety Code ("HSC") Section 34200, *et seq.* ("HAL") and serves as the housing successor under the Dissolution Law, Health and Safety Code Section 34170, *et seq.*, in particular Sections 34176 and 34176.1;

WHEREAS, prior to February 1, 2012, the Garden Grove Agency for Community Development ("Former Agency") was a community redevelopment agency duly organized and existing under the California Community Redevelopment Law (HSC Section 33000, *et seq.*), and was authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council ("City Council");

WHEREAS, Assembly Bill x1 26, chaptered and effective on June 27, 2011, added Parts 1.8 and 1.85 to Division 24 of the HSC that caused the dissolution of all California redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484, chaptered and effective on June 27, 2012, (together, the "Dissolution Law"); and on and as of February 1, 2012, the Former Agency was dissolved under the Dissolution Law;

WHEREAS, on January 17, 2012, the City Council adopted Resolution No. 9089-12 by which the City declined to assume the housing assets and responsibility to perform the housing functions performed previously by the Former Agency and designated the Housing Authority to serve and act as the "housing successor" under HSC Section 34176(b);

WHEREAS, on January 24, 2012, the Housing Authority by motion and then unanimous vote accepted the rights, powers, assets, liabilities, duties and obligations associated with the housing functions of the Former Agency (at that date still the Garden Grove Agency for Community Development pre dissolution);

WHEREAS, on March 28, 2012, by Resolution No. 2-12, the Oversight Board to the Successor Agency to the Garden Grove Agency for Community Development

determined and affirmed that the Former Agency's housing assets and housing functions were transferred to the Garden Grove Housing Authority, acting as Housing Successor, on and as of February 1, 2012, and affirmed that the Housing Authority, acting as Housing Successor, has all rights, powers, duties and obligations relating to the housing assets and functions of the Former Agency under the Dissolution Law;

WHEREAS, under HSC Section 34176(a)(2), the Housing Authority, as housing successor to the Former Agency, prepared a Housing Asset Transfer Schedule ("HAT") and submitted the HAT to the State of California, Department of Finance ("DOF") for review and approval, and then, on August 30, 2012, the DOF approved the HAT with certain modifications that are unrelated to the HA Property; the approved HAT includes the subject HA Property and thereby is a DOF-approved housing asset under the Dissolution Law and asset of the Housing Authority under the HAL;

WHEREAS, therefore, on, as of, and ongoing the Housing Authority by operation of law, in particular under the Dissolution Law Sections 34176 and 34176.1, has been vested with the ownership and control of the housing assets, including without limitation the HA Property (defined in next recital) that is the subject of this Exchange Agreement;

WHEREAS, the Housing Authority is the owner of certain real property located at 10936, 12892, 12942 Acacia Parkway, Garden Grove, California (APNs: 089-213-02, 089-213-28, 089-213-29, 089-213-31, 089-213-32 and 089-213-36) (together, "HA Property") as to be exchanged and conveyed by the Housing Authority to the City for public purposes, under that certain *Exchange, Disposition and Cooperation Agreement with Escrow Instructions for Exchange of Real Property* ("Exchange Agreement");

WHEREAS, the City is the owner of certain real property located at 11391 Acacia Parkway, Garden Grove, California (APN 090-154-57 (portion)) (herein, "City Property") as proposed hereunder to be exchanged and conveyed by the City to Housing Authority for affordable housing purposes under HSC Section 34312.3(b) under the Exchange Agreement;

WHEREAS, by the Exchange Agreement, the Housing Authority intends to exchange and convey the HA Property to the City, and the City intends to exchange and convey the City Property to the Housing Authority;

WHEREAS, the Exchange with conveyance of the HA Property by the Housing Authority to City is subject to the provisions of HSC Sections 34312.3(b) and 33431; and, in implementation thereof, the City Council and Housing Authority have held a public hearing at a duly noticed special joint meeting and the Housing Authority by this Resolution desires to approve the Exchange Agreement;

WHEREAS, a summary report about the HA Property was prepared and made available to the public along with the Exchange Agreement and were presented to

the City Council and Housing Authority in connection with this matter and the joint public hearing;

WHEREAS, capitalized terms used in this Resolution are as defined in the Exchange Agreement, unless otherwise defined herein;

WHEREAS, the City Council and Housing Authority have duly considered all terms and conditions of the Exchange Agreement and believe that the Exchange in the vital and best interest of the City and Housing Authority and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable laws and by this Resolution the City Council and Housing Authority desire to approve the Exchange Agreement; and

WHEREAS, under the California Environmental Quality Act, California Public Resources Code Section 21000, *et seq.*, ("CEQA") and the implementing regulations set forth at Title 14 California Code of Regulations Section 15000, *et seq.* ("Guidelines"), in particular Section 15004(b)(2)(A) provides that agencies may designate a preferred project site and may enter into land acquisition agreements conditioned on CEQA compliance such that the Exchange Agreement is exempt from CEQA, because future development of an affordable housing project is required to undergo CEQA review by the City of Garden Grove. Furthermore, CEQA applies only when a public agency has "approved" a project. For these purposes, "approval" means the decision by a public agency which commits the agency to a definite course of action. (CEQA Guidelines section 15352.) Here, approval of the Exchange Agreement does not commit either agency to any specific construction plan or project. The Exchange Agreement does not define a particular project well enough to provide meaningful information for environmental assessment.

NOW, THEREFORE, BE IT RESOLVED BY THE GARDEN GROVE HOUSING AUTHORITY:

Section 1. The Housing Authority Board finds and determines the foregoing recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Housing Authority Board approves the Exchange Agreement between the City and Housing Authority with such changes mutually agreed and necessary as are minor and in substantial conformance with the form of the Exchange Agreement that has been submitted herewith. The Authority Chair, and his authorized designees, and the Secretary, and her authorized designees, are hereby authorized to execute and attest the Exchange Agreement on behalf of the Housing Authority. And, in implementation of the Exchange Agreement, the Director (and authorized designees) is authorized to sign the final version of the Exchange Agreement after completion of non-substantive, minor revisions, if any. Copies of the final form of the Exchange Agreement, when duly executed and attested, shall be placed on file in the office of the Secretary. Further, the Authority Director (or authorized designees) is authorized to implement the Exchange Agreement and take all further actions and execute all documents referenced therein and/or necessary

and appropriate to carry out such contract including any and all implementing agreements thereto. The Authority Director (or authorized designees) is hereby authorized to the extent necessary during the implementation of the Exchange Agreement to make technical or minor changes and interpretations thereto after execution and take other actions, as necessary, to properly implement and carry out the Exchange Agreement, provided any and all such changes and actions thereunder shall not in any manner materially affect the rights and obligations of the Housing Authority under the Exchange Agreement approved hereby.

Section 3. In addition to the authorization of Sections 2 above, the Authority Director (or authorized designees) is hereby authorized, on behalf of the Housing Authority, to sign all other documents necessary, and take other necessary actions appropriate to carry out and implement the Exchange Agreement, including causing the issuance of warrants in implementation thereto, and to administer the Housing Authority's obligations, responsibilities and duties to be performed under the Exchange Agreement.

Section 4. The Housing Authority Board finds and determines that the Exchange Agreement meets the categorical exemptions under CEQA as cited in the above recitals and that Housing Authority conditions future use of such properties on CEQA compliance.

Section 5. The Authority Director (and authorized designees) is hereby directed to file a Notice of Exemption with the County Clerk of the County of Orange, under Public Resources Code Section 21084 and CEQA Guidelines Section 15062 and 15374.

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

ATTACHMENT TO HOUSING AUTHORITY RESOLUTION
ATTACH COPY OF EXCHANGE AGREEMENT

**EXCHANGE, DISPOSITION AND COOPERATION AGREEMENT
WITH ESCROW INSTRUCTIONS FOR
EXCHANGE OF REAL PROPERTY**

This **EXCHANGE, DISPOSITION AND COOPERATION AGREEMENT WITH ESCROW INSTRUCTIONS FOR EXCHANGE OF REAL PROPERTY** (“Exchange Agreement”) is entered into as of December 17, 2019 by and between the City of Garden Grove, a California municipal corporation (“City”) and the Garden Grove Housing Authority, a public body, corporate and politic (“Housing Authority”). Each of the City and Housing Authority is a “Party” and together the “Parties”.

RECITALS

A. The Housing Authority is a public body corporate and politic formed and operating under the California Housing Authorities Law, Health and Safety Code Section 34200, *et seq.* (“HAL”).

B. The City is a California municipal corporation and general law city.

C. The Housing Authority is the fee owner of certain real property located at 10936, 12892, 12942 Acacia Parkway, Garden Grove, California APNs: 089-213-02, 089-213-28, 089-213-29, 089-213-31, 089-213-32 AND 089-213-36 (together, “HA Property”) as proposed hereunder to be exchanged and conveyed by the Housing Authority to the City for public purposes, which HA Property is legally described in the attached Exhibit A-1.

D. The HA Property is located at southeast corner of Acacia Avenue and Grove Avenue, extending southerly to Garden Grove Boulevard; has approximately 1.7 acres or about 74,052 square feet of land area; the property has a double corner location on two secondary streets and one primary street; and, is currently improved with a public parking lot.

E. The HA Property has been appraised by an independent professional appraiser, which appraisal dated as of November 18, 2019, which concludes a range of fair market value under two scenarios: (i) land value, “As-If” the site is re-zoned by the City as CC-3: \$5,330,000; and (ii) land value “As-Is” assuming PUD (M) zone with change to CC-3 designation: \$4,800,000.

F. The City is the owner of certain real property located at 11391 Acacia Parkway, Garden Grove, California (APN 090-154-57 (portion)) (herein, “City Property”) as proposed hereunder to be exchanged and conveyed by the City to Housing Authority for affordable housing purposes under HSC Section 34312.3(b), which City Property is legally described in the attached Exhibit A-2.

G. The City Property is located at the northwest corner of Acacia Parkway and Eighth Street in the Civic Center area and the site of the former city hall; is approximately 1.57 acres or about 68,388 square feet of land area; has a corner location on two secondary streets; is generally rectangular in land configuration; and is currently improved with adjoining buildings, one totaling 8600 sq. ft. and a smaller 4800 sq. ft. building, totaling approximately 13,400 sq. ft.

H. The City Property is subject to a lease agreement between the City, as landlord, and North County Senior Services, LLC, as “Tenant” (formerly Acacia Adult Day Services), which lease,

as amended, was approved by the City Council on and is dated as of November 26, 2019 and became effective on December 1, 2019 (“Acacia Lease”). Tenant is managed by Alzheimer's Orange County, a California nonprofit corporation, which operates Acacia Adult Day Services to provide care services for senior citizens with illnesses or disabilities or who are otherwise in need of limited supervision. The rent due under the Acacia Lease is nominal at \$1.00/year.

I. The City Property has been appraised by an independent professional appraiser, which appraisal is dated as of November 18, 2019 and concludes the fair market value of the Unencumbered Fee Simple Interest is \$4,855,000. Also, the independent appraisal presents an alternate valuation of the City Property, as encumbered by the Acacia Lease, at \$890,000.

J. The appraiser's conclusion of the Unencumbered Fee Simple Interest value of \$4,855,000 assumes for valuation purposes that the Acacia Lease would be terminated at a future date. In this regard, both Landlord and Tenant each have the right to terminate the Acacia Lease under Section 3(b) thereof, by issuance of a 270-day notice of termination by one party to the other, at which time the City Property would revert to the fee owner and would be available for a highest and best use development, including an affordable housing project. Based on the current zoning, the maximum residential density is 42 units/acre, which would allow approximately 66 housing units on the 1.57-acre parcel.

K. Under this Exchange Agreement, and the General Assignment, in the form Exhibits D-1 and D-2, the Housing Authority will assume the existing Acacia Lease, which allows continued operation of the existing adult day care services use until either party may elect to terminate the tenancy thereunder as described above.

L. City and Housing Authority are informed that Tenant is so successful in serving the community that current operations are at or above capacity in providing care services for senior citizens with illnesses or disabilities or who are otherwise in need of limited supervision. In this regard, the City and Tenant have communicated, and will continue to communicate, about potential alternate sites for Acacia Adult Day Care operations, which will be in the best interests of the community. Concurrently and over time, the Housing Authority desires to cooperate with the City and Tenant as well as seek and evaluate development proposals for construction and operation of an affordable housing project on the City Property under and subject to the requirements of the HAL, Dissolution Law and other applicable laws.

M. The HA Property and the City Property are depicted on the Site Map, attached as Exhibits B-1 and B-2, respectively.

N. By this Exchange Agreement, the Housing Authority desires and intends to exchange and convey the HA Property to the City, and the City desires and intends to exchange and convey the City Property to the Housing Authority.

O. Prior to February 1, 2012, the Garden Grove Agency for Community Development (“Former Agency”) was a community redevelopment agency duly organized and existing under the California Community Redevelopment Law (HSC Section 33000, *et seq.*), and was authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council (“City Council”).

P. Assembly Bill x1 26, chaptered and effective on June 27, 2011, added Parts 1.8 and 1.85 to Division 24 of the HSC that caused the dissolution of all California redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484, chaptered and effective on June 27, 2012 (together, the “Dissolution Law”); and on and as of February 1, 2012 the Former Agency was dissolved under the Dissolution Law.

Q. On January 17, 2012, the City Council adopted Resolution No. 9089-12 by which the City declined to assume the housing assets and responsibility to perform the housing functions performed previously by the Former Agency and designated the Housing Authority to serve and act as the “housing successor” under HSC Section 34176(b).

R. On January 24, 2012, the Housing Authority by motion and unanimous vote accepted the rights, powers, assets, liabilities, duties and obligations associated with the housing functions of the Former Agency (at that date still the Garden Grove Agency for Community Development pre-dissolution.)

S. On March 28, 2012 by Resolution No. 2-12, the Oversight Board to the Successor Agency to the Garden Grove Agency for Community Development determined and affirmed that the Former Agency’s housing assets and housing functions were transferred to the Garden Grove Housing Authority, acting as Housing Successor, on and as of February 1, 2012 and affirmed that the Housing Authority, acting as Housing Successor, has all rights, powers, duties and obligations relating to the housing assets and functions of the Former Agency under the Dissolution Law.

T. Under HSC Section 34176(a)(2), the Housing Authority, as housing successor to the Former Agency, prepared a Housing Asset Transfer Schedule (“HAT”) and submitted the HAT to the State of California, Department of Finance (“DOF”) for review and approval. On August 30, 2012, the DOF approved the HAT with certain modifications that are unrelated to the HA Property. The approved HAT includes the subject HA Property and thereby is a DOF-approved housing asset under the Dissolution Law and asset of the Housing Authority under the HAL.

U. Therefore, on, as of, and ongoing the Housing Authority by operation of law, in particular under the Dissolution Law Sections 34176 and 34176.1, has been vested with the ownership and control of the housing assets, including without limitation the HA Property that is the subject of this Exchange Agreement.

V. The Exchange and conveyance of the HA Property by the Housing Authority to City is subject to the provisions of HSC Sections 34312.3(b) and 33431. In implementation thereof, the City Council and Housing Authority have held a public hearing at a duly noticed special joint meeting and considered and approved this Exchange Agreement. A summary report about the HA Property was prepared and made available to the public along with this Exchange Agreement and were presented to the City Council and Housing Authority in their respective consideration of this Exchange Agreement.

W. In connection with the Exchange, the Housing Authority covenants that the City Additional Consideration paid by City to Housing Authority hereunder shall be deposited into the Housing Authority’s low to moderate income housing asset fund (“LMIHAF”) immediately after the Closing described herein, and such funds will be administered by the Housing Authority in compliance with the HAL, the Dissolution Law, in particular HSC Section 34176.1, and other applicable laws and regulations.

X. The City and Housing Authority desire to set forth the terms and conditions of the exchange of the HA Property and City Property, including financial terms, escrow and title provisions, and timing therefor.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Housing Authority agree as follows:

1. Recitals Incorporated. The Recitals set forth above (a) are an integral part of this Exchange Agreement, (b) set forth the intentions of the City and Housing Authority and the basis under which the Parties have decided to enter into this Exchange Agreement, and (c) are hereby incorporated by reference into this Exchange Agreement.

2. Exchange. City agrees to convey the City Property to the Housing Authority and the Housing Authority agrees to convey the HA Property to City in exchange (“Exchange”) on the terms and conditions set forth in this Exchange Agreement.

3. Consideration. As additional consideration for the Exchange, City shall pay to Housing Authority at the Closing an amount equal to the difference between the highest appraised value of the HA Property (\$5,330,000) and the highest appraised value of the City Property (\$4,855,000), which amount is Four Hundred and Seventy-Five Thousand Dollars (\$475,000.00) *plus* all Closing costs incurred for the Exchange transaction (together, “City Additional Consideration”).

4. Escrow and Closing.

(a) **Escrow Holder and Title Company.** City shall cause the opening of an escrow to complete the Exchange (“Escrow”) with Fidelity National Title Company (“Escrow Holder”), and Fidelity National Title Company shall be the title company (“Title Company”) that issues each Party, respectively, a CLTA standard buyer/owner’s policy of title insurance with coverage of each in the respective amount of the highest appraised value of the City Property and the HA Property (each a “Buyer’s Policy”).

(i) Escrow Holder and Title Company’s address is: 4400 MacArthur Blvd., Suite 200, Newport Beach, CA 92660, Escrow Officer: Major Accounts and Title Officer: Thomas Szopinski.

(b) **Escrow.** For purposes of this Exchange Agreement, the Escrow shall be deemed opened (“Opening of Escrow”) on the date that Escrow Holder receives (i) a fully executed and attested copy of this Exchange Agreement. City and Housing Authority shall use their best efforts to cause the Opening of Escrow to occur on or before December 19, 2019, which date is the second business day after the Effective Date. City and Housing Authority agree to execute, deliver and comply with any reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Holder to consummate the Exchange transaction contemplated by this Exchange Agreement; provided, however, no such instruments shall conflict with, amend or supersede any portion of this Exchange Agreement. If there is any conflict or inconsistency between the terms of such instruments and the terms of this Exchange Agreement, then the terms of this Exchange Agreement shall control.

(c) Closing. For purposes of this Exchange Agreement, the “Closing” shall be the date that each of the HA Property Grant Deed and the City Property Grant Deed are recorded in the Official Records, County of Orange, State of California (“Official Records”) but such Closing shall occur later than December 31, 2019 (“Outside Closing Date”). Unless changed in writing by the Parties, the Closing shall occur on or before the Outside Closing Date, subject to City and Housing Authority’s rights to terminate this Exchange Agreement as set forth herein.

(d) Deeds. The grant deed conveying the HA Property by the Housing Authority to the City with a certificate of acceptance (“HA Property Grant Deed”) is attached as Exhibit C-1, and the grant deed conveying the City Property by the City to the Housing Authority with a certificate of acceptance (“City Property Grant Deed”) is attached as Exhibit C-2. The HA Property Grant Deed and the City Property Grant Deed are collectively referred to herein as the “Deeds”.

(e) Remedies. If, prior to the Closing, any Party defaults in any of its obligations under this Exchange Agreement, or breaches any of its representations or warranties set forth in this Exchange Agreement, then any non-defaulting Party may: (i) terminate this Exchange Agreement by delivery of written notice to the other Party and to Escrow Holder in which event no Party shall have any further obligations or liability to the other, (ii) seek specific performance of this Exchange Agreement, or (iii) pursue any other remedies available at law or in equity.

5. Conditions Precedent and Termination Right. The Closing and the Parties’ obligation to consummate the Exchange transaction contemplated by this Exchange Agreement are subject to the timely satisfaction or written waiver of the following “Conditions Precedent”.

(a) Representations and Warranties. All representations and warranties of each of the Parties set forth in this Exchange Agreement shall be materially true and correct as of the date made and as of the Closing with the same effect as if those representations and warranties were made at and as of the Closing.

(b) No Default. As of the Closing, no Party shall be in default in the performance of any material covenant or agreement to be performed under this Exchange Agreement.

(c) Buyer’s Policies. Each Party’s respective Buyer’s Policy shall be ready to issue on or before the Outside Closing Date by the Title Company. City agrees to pay for each Party’s Buyer’s Policy, which shall be a CLTA standard coverage owner’s policy of title insurance with each policy showing fee title to City’s and Housing Authority’s respective interests from the Exchange, and subject only to the (i) the standard, preprinted exceptions thereto; (ii) liens to secure payment of real estate taxes and assessments, if any, not yet delinquent and subject to City and Housing Authority’s status as local government entities that are exempt from payment of property taxes and assessments; (iii) the Acacia Lease as to the City Property; and (iv) those matters approved in writing by City and Housing Authority. City and Housing Authority each shall have the right, at their sole cost and expense, to obtain coverage beyond that offered by a CLTA standard coverage policy; provided, however, the ability to obtain such extended coverage shall not be a contingency hereunder and shall in no way be conditioned or contingent upon obtaining such extended coverage.

6. Deliveries to Escrow Holder.

(a) Delivered Documents. On or before one (1) business day prior to the date set for Closing, each Party shall each deposit or cause to be deposited with Escrow Holder the following

items, duly executed, attested and, as applicable, acknowledged by a notary, by City and Housing Authority (together, “Delivered Items”):

(i) HA Property Grant Deed. The HA Property Grant Deed conveying the HA Property to the City, which shall be delivered to Escrow Holder with Housing Authority as grantor and City as grantee.

(ii) City Property Grant Deed. The City Property Grant Deed conveying the City Property to the Housing Authority, which shall be delivered to Escrow Holder with City as grantor and Housing Authority as grantee.

(iii) General Assignment. General Assignments in the form attached hereto as Exhibit D-1 and D-2 (“General Assignment”) for the HA Property and the City Property, one (1) from each of City and Housing Authority, respectively, including without limitation assignment of the Acacia Lease by City to Housing Authority.

(A) City shall send written notice to Tenant informing Tenant of the assignment of the Acacia Lease.

(iv) City Additional Consideration. City shall deliver and pay into Escrow not less than one business day prior the Closing the City Additional Consideration (\$475,000 plus costs incurred for the Escrow and Title Company in connection with this Exchange transaction and Exchange Agreement.)

(v) FIRPTA. A Transferor’s Certification of Non-Foreign Status, as and if applicable, (“FIRPTA Certificate”), one (1) from each of City and Housing Authority.

(vi) General Assignment. General Assignments in the form attached hereto as Exhibits D-1 and D-2 (each a “General Assignment”) for the HA Property and the City Property, one (1) from each of City and Housing Authority, respectively, including without limitation assignment of the Acacia Lease by City to Housing Authority.

(vii) Authority. Such proof of each Party’s authority and authorization to enter into this Exchange Agreement and to consummate the Exchange transaction contemplated hereby as may be reasonably requested by Title Company.

(viii) Preliminary Change of Ownership Report. A Preliminary Change of Ownership Report (“Preliminary Change of Ownership Report”), fully completed, one (1) from each of City and Housing Authority.

(ix) Further Documents or Items. Any other documents or items reasonably required to close the Exchange transaction contemplated by this Exchange Agreement.

7. Closing Procedure

(a) Escrow Holder’s Closing Instructions. When the Title Company is prepared to issue each Buyer’s Policy to the City and Housing Authority, respectively, all Conditions Precedent to the Closing have been satisfied or waived, and all required documents and funds have been deposited with Escrow Holder, Escrow Holder shall immediately close Escrow on or before the Outside Closing Date in the manner and order provided below:

(b) Date; Counterparts. Escrow Holder shall date all instruments as of the date of the Closing (if not dated), and combine all counterparts of instruments delivered to Escrow Holder in counterparts.

(c) Document Recordation. Escrow Holder shall record the Deeds in the Official Records.

(d) Preliminary Change of Ownership Reports. Escrow Holder shall submit both Preliminary Change of Ownership Reports to the Recorder's Office concurrently with the submission of the Deeds for recordation.

(e) Notification. Escrow Holder shall provide telephonic notice to City and Housing Authority that the Closing has occurred.

(f) Disburse Funds. Escrow Holder shall disburse to Housing Authority the sum of \$475,000.00, then deliver final closing statements to each Party, and disburse remaining funds deposited for fees and costs of Escrow, Escrow Holder and Title Company, if any, to City.

(i) In this regard, Housing Authority agrees to deposit the full amount of \$475,000 into the LMIHAF, which funds shall be expended in compliance with the Dissolution Law, HAL and other applicable laws.

(g) Buyer's Title Policies. Escrow Holder shall cause the Title Company to issue each of the Buyer's Title Policies, respectively.

(h) Informational Reports. Escrow Holder shall file informational reports, if any, required by Internal Revenue Code Section 6045(e), as amended.

(i) Post-Closing Instructions. Escrow Holder shall deliver the following instruments:

(i) To City and Housing Authority:

(A) Copies of each of the Deeds;

(B) Copies of the FIRPTA, the General Assignment, and the Preliminary Change of Ownership Report; and

(C) Copies of the final Escrow closing statement.

8. Representations and Warranties. City and Housing Authority represent and warrant to the other under this Exchange Agreement:

(a) Power. Each Party has the legal power, right and authority to enter into this Exchange Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(b) Requisite Action. All requisite action has been taken by City and Housing Authority, respectively, in connection with entering into this Exchange Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby. By the Closing, no additional consent of any

governmental authority shall be required to consummate the transaction contemplated by this Exchange Agreement.

(c) No Conflict. Neither the execution and delivery of this Exchange Agreement and the documents and instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Exchange Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which City or Housing Authority, respectively, is a Party or is bound.

(d) Survival of Representations and Warranties. The covenants, representations and warranties herein shall survive the Closing or the termination of this Exchange Agreement.

9. Obtaining Information. As a material inducement to the execution and delivery of this Exchange Agreement by City and Housing Authority and the performance hereunder each of the City and Housing Authority hereby acknowledges, represents, warrants and agrees that (a) City is acquiring the HA Property, and Housing Authority is acquiring the City Property, in an “**AS-IS,**” “**WITH-ALL-FAULTS**” condition, respectively, as of the Closing with respect to any facts, circumstances, conditions and defects; (b) City and Housing Authority each have no obligation to repair or correct any such facts, circumstances, conditions or defects (including, without limitation, any patent or latent defects or conditions affecting the City Property and HA Property, respectively) or to seek additional compensation or consideration for same; (c) each Party is fully satisfied that the City Additional Consideration is fair and adequate consideration for the Exchange to be consummated; and (d) each Party assumes the full risk of any loss or damage occasioned by any fact, circumstance, condition or defect pertaining to the condition of the HA Property and City Property, respectively.

10. Liability and Indemnification. In contemplation of the provisions of California Government Code Section 895.2 imposing certain tort liability jointly upon public entities solely by reason of such entities being parties to an agreement as defined by Government Code Section 895, each of the Parties hereto, as between themselves, pursuant to the authorization contained in Government Code Sections 895.4 and 895.6, shall assume the full liability imposed upon it, or any of its officers, agents or employees, by law for injury caused by negligent or wrongful acts or omissions occurring in the performance of this Exchange Agreement to the same extent that such liability would be imposed in the absence of Government Code Section 895.2. To achieve the above-stated purpose, each Party indemnifies, defends and holds harmless the other Party from and against any liability, losses, cost or expenses that may be incurred by such other Party solely by reason of Government Code Section 895.2.

11. Further Assurances; Cooperation; Consultation. The Parties agree to take such further actions, and to execute and deliver such additional documents, as may be reasonably necessary or appropriate to effectuate the provisions and intent of this Exchange Agreement. Without limiting the foregoing, the Agency Director or his authorized designee, on behalf of the Housing Authority, and the City Manager or his authorized designee, on behalf of the City, are hereby authorized to execute and deliver, and file and record each and all implementing documents, including without limitation subsequent amendment(s), if any, deemed by them to be reasonably necessary to evidence further the Parties’ intentions and obligations under this Exchange Agreement.

(a) Cooperation. The Parties agree to confer with each other to establish priorities for completion of the Exchange prior to the Outside Closing Date and thereafter in furtherance of this Exchange Agreement.

12. General Provisions.

(a) Damage to Property. If, prior to the Closing, all or any portion of either the HA Property or the City Property, respectively, is damaged by earthquake, flood, fire or other casualty (collectively "Damage"), the transaction contemplated herein shall still proceed to the Closing, and each acquiring Party shall take the applicable property subject to such Damage, and each acquiring Party shall be entitled to receive any insurance proceeds for such Damage, if any.

(b) Brokers. Each Party hereby represents and warrants to the other that it has dealt with no broker or finder in connection with this Exchange transaction.

(c) Assignment. No Party may assign its rights or obligations under this Exchange Agreement without the prior written consent of the other Party, which consent may be withheld in any other Party's sole and absolute discretion.

(d) Survival. All covenants, representations, warranties, releases, waivers and indemnities set forth in this Exchange Agreement by each Party shall survive the Closing.

(e) Cooperation. The Parties agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the Exchange contemplated herein and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof.

(f) Time. Time is of the essence of every provision herein contained. All references herein to a particular time of day shall be deemed to refer to California time. In the computation of any period of time provided for in this Exchange Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday, or legal holiday, in which case the period shall be deemed to run until 5:00 p.m. of the next day that is not a Saturday, Sunday, or legal holiday. Except as otherwise expressly provided herein, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. on such specified date or period.

(g) Counterparts; Facsimile Signatures. This Exchange Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument. A facsimile signature shall be deemed an original signature.

(h) Captions. Any captions to, or headings of, the sections or subsections of this Exchange Agreement are solely for the convenience of the Parties hereto, are not a part of this Exchange Agreement, and shall not be used for the interpretation or determination of the validity of this Exchange Agreement or any provision hereof.

(i) No Obligations to Third Parties. Except as otherwise expressly provided herein, the execution and delivery of this Exchange Agreement shall not be deemed to confer any rights upon,

nor obligate any of the Parties to this Exchange Agreement to, any person or entity other than the Parties hereto.

(j) Exhibits. Each and all of the exhibits referred to herein and attached hereto are incorporated by this reference for all purposes.

(k) Amendment to this Exchange Agreement. The terms of this Exchange Agreement may not be modified or amended except by an instrument in writing executed by each of the Parties hereto.

(l) Waiver. The waiver or failure to enforce any provision of this Exchange Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

(m) Applicable Law. This Exchange Agreement shall be governed by and construed in accordance with the local law of the State of California.

13. Approvals and Notices. Any approval, disapproval, demand, document or other notice (“Notice”) which either Party may desire or be required to give to the other Party under this Agreement must be in writing at the address of the Party as set forth below, or at any other address as that Party may later designate in writing. Any Notice given under this paragraph, whether personally or by mail, shall be deemed received only upon actual receipt by the intended Party.

To City and Housing Authority: City Clerk and/or Housing Authority Secretary, as applicable
Garden Grove City Hall
11222 Acacia Parkway
Garden Grove, CA 92840

With copies to: Scott Stiles, City Manager and Authority Director
Garden Grove City Hall
11222 Acacia Parkway
Garden Grove, CA 92840

Omar Sandoval, City Attorney and General Counsel
Garden Grove City Hall
11222 Acacia Parkway
Garden Grove, CA 92840

Celeste Stahl Brady, Special Counsel
Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660

14. Entire Agreement. This Exchange Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between the City and Housing Authority with respect to the subject matter hereof. The Parties hereto expressly agree and confirm that this Exchange Agreement is executed without reliance on any oral or written statements, representations or promises of any kind which are not expressly contained in this Exchange Agreement. No subsequent agreement, representation or promise made by either Party

hereto, or by or to an employee, officer, agent or representative of either Party hereto shall be of any effect unless it is in writing and executed by the Party to be bound thereby.

[Signature blocks on next page.]

IN WITNESS WHEREOF, City and Housing Authority have signed this *Exchange, Disposition and Cooperation Agreement with Escrow Instructions for Exchange of Real Property* as of the date first set forth above.

CITY

CITY OF GARDEN GROVE
a California municipal corporation

By: _____
Steven R. Jones, Mayor
or Authorized Designee

ATTEST:

TERESA POMEROY, CMC, CITY CLERK

Teresa Pomeroy or Authorized Designee

APPROVED AS TO FORM:

WOODRUFF SPRADLIN & SMART

By: _____
Omar Sandoval, Esq., City Attorney
or Authorized Designee

HOUSING AUTHORITY

GARDEN GROVE HOUSING AUTHORITY
a public body, corporate and politic

By: _____
Patrick Phat Bui, Chair
or Authorized Designee

ATTEST:

TERESA POMEROY, CMC, SECRETARY

Teresa Pomeroy or Authorized Designee

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH

Special Counsel

EXHIBIT A-1

LEGAL DESCRIPTION OF CITY PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF GARDEN GROVE IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 2 OF PARCEL MAP NO. 97-149, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP THEREOF FILED IN BOOK 300, PAGES 9 AND 10 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 090-154-57

EXHIBIT A-2

LEGAL DESCRIPTION OF HOUSING AUTHORITY PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF GARDEN GROVE IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 25 TO 36, INCLUSIVE, OF SCHOOL ADDITION TO GARDEN GROVE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

THAT PORTION OF GROVE AVENUE, 40.00 FEET WIDE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS SHOWN AND DEDICATED ON THE MAP OF SCHOOL ADDITION TO GARDEN GROVE RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND AS DELINEATED AND IDENTIFIED AS OLD C/L GROVE AVENUE ON THE MAP OF RECORD OF SURVEY 91-1127 FILED IN BOOK 138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, WHICH EXTENDS NORTHWESTERLY FROM THE SOUTHERLY PROLONGATION OF THE EAST LINE OF LOT 33 OF SAID SCHOOL ADDITION TO GARDEN GROVE, TO THE EAST LINE OF SAID GROVE AVENUE, AS SHOWN ON THE MAP THE SAID RECORD OF SURVEY 91-1127.

THE SIDELINES OF SAID GROVE AVENUE SHALL BE PROLONGED OR SHORTENED SO AS TO TERMINATE SOUTHEASTERLY ON SAID SOUTHERLY PROLONGATION OF THE EAST LINE OF SAID LOT 33 AND NORTHWESTERLY ON SAID EAST LINE OF GROVE AVENUE AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

EXCEPT THEREFROM THAT PORTION THEREOF, WHICH LIES WITHIN THE LINES OF GARDEN GROVE BOULEVARD AS, SAID STREET IS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

TOGETHER WITH:

THAT PORTION OF GROVE AVENUE, AS HEREINABOVE DESCRIBED, LYING NORTH OF THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID OLD GROVE AVENUE, WEST OF THE WEST LINE OF LOTS 31 AND 32 OF SAID SCHOOL ADDITION TO GARDEN GROVE AND EAST OF THE EAST LINE OF SAID GROVE AVENUE AS SHOWN ON SAID RECORD OF SURVEY 91-1127.

[Legal description continues on next page]

PARCEL 3:

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BEING A PORTION OF THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL 12-12A IN FINAL ORDER OF CONDEMNATION ENTERED JANUARY 5, 1983, SUPERIOR COURT CASE 12-03-46, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 6, 1983 AS INSTRUMENT 83-007859 OF OFFICIAL RECORDS, WHICH LIES EASTERLY OF THE EAST LINE OF GROVE AVENUE 56.00 FEET WIDE AS SHOWN ON A MAP OF RECORD OF SURVEY 91-1127 FILED IN BOOK 138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LAND WHICH LIES WITHIN GARDEN GROVE BOULEVARD AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY.

APN: 089-213-02, 089-213-28, 089-213-29, 089-213-31, 089-213-32 AND 089-213-36

EXHIBIT B-1
SITE MAP OF CITY PROPERTY

EXHIBIT B-2
SITE MAP OF HA PROPERTY

EXHIBIT C-1

**GRANT DEED
(Housing Authority to City)**

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attn: City Clerk

DOCUMENTARY TRANSFER TAX \$ NONE

The undersigned hereby declares this Instrument to be exempt from Recording Fees (Govt. Code §§ 6103 and 27383) and Documentary Transfer Tax (Rev. & Tax. Code §11922)

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the **GARDEN GROVE HOUSING AUTHORITY**, a public body, corporate and politic (“Grantor”), hereby GRANTS to the **CITY OF GARDEN GROVE**, a California municipal corporation (“Grantee”), the real property in the County of Orange, State of California, described in the legal description attached hereto as Attachment No. 1 and incorporated herein.

1. Covenants of Non-Discrimination: There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land. All deeds, leases or contracts affecting the Property, as applicable, shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

Deeds:

In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the

grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

Leases:

In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

Contracts:

In contracts: “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

GRANTOR

GARDEN GROVE HOUSING AUTHORITY
a public body, corporate and politic

By: _____
Scott Stiles, Authority Director
or Authorized Designee

EXHIBIT A TO GRANT DEED

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF GARDEN GROVE IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

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THAT PORTION OF GROVE AVENUE, 40.00 FEET WIDE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS SHOWN AND DEDICATED ON THE MAP OF SCHOOL ADDITION TO GARDEN GROVE RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND AS DELINEATED AND IDENTIFIED AS OLD C/L GROVE AVENUE ON THE MAP OF RECORD OF SURVEY 91-1127 FILED IN BOOK 138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, WHICH EXTENDS NORTHWESTERLY FROM THE SOUTHERLY PROLONGATION OF THE EAST LINE OF LOT 33 OF SAID SCHOOL ADDITION TO GARDEN GROVE, TO THE EAST LINE OF SAID GROVE AVENUE, AS SHOWN ON THE MAP THE SAID RECORD OF SURVEY 91-1127.

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EXCEPT THEREFROM THAT PORTION THEREOF, WHICH LIES WITHIN THE LINES OF GARDEN GROVE BOULEVARD AS, SAID STREET IS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

TOGETHER WITH:

THAT PORTION OF GROVE AVENUE, AS HEREINABOVE DESCRIBED, LYING NORTH OF THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID OLD GROVE AVENUE, WEST OF THE WEST LINE OF LOTS 31 AND 32 OF SAID SCHOOL ADDITION TO GARDEN GROVE AND EAST OF THE EAST LINE OF SAID GROVE AVENUE AS SHOWN ON SAID RECORD OF SURVEY 91-1127.

[Legal description continues on next page]

PARCEL 3:

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BEING A PORTION OF THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL 12-12A IN FINAL ORDER OF CONDEMNATION ENTERED JANUARY 5, 1983, SUPERIOR COURT CASE 12-03-46, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 6, 1983 AS INSTRUMENT 83-007859 OF OFFICIAL RECORDS, WHICH LIES EASTERLY OF THE EAST LINE OF GROVE AVENUE 56.00 FEET WIDE AS SHOWN ON A MAP OF RECORD OF SURVEY 91-1127 FILED IN BOOK 138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LAND WHICH LIES WITHIN GARDEN GROVE BOULEVARD AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY.

APN: 089-213-02, 089-213-28, 089-213-29, 089-213-31, 089-213-32 AND 089-213-36

STATE OF CALIFORNIA)
)
) SS.
COUNTY OF _____)

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

Page 299 of 655

CERTIFICATE OF ACCEPTANCE
Grant Deed by Housing Authority to City

This is to certify that the interests in certain real property conveyed under the foregoing **GRANT DEED** dated as of December __, 2019 as granted by the **GARDEN GROVE HOUSING AUTHORITY**, a public body corporate and politic ("Housing Authority" or "Grantor") to the **CITY OF GARDEN GROVE**, a California municipal corporation ("City" or "Grantee"), is hereby accepted by the undersigned officer or agent on behalf of the City pursuant to joint action by the City Council and Housing Authority on December 17, 2019 and the City consents to recordation of this Grant Deed by its duly authorized officer.

Dated: December __, 2019

CITY OF GARDEN GROVE,
a California municipal corporation

By: _____
Scott Stiles, City Manager
or Authorized Designee

ATTEST:

Teresa Pomeroy, CMC, City Clerk
or Authorized Designee

EXHIBIT C-2

**GRANT DEED
(City to Housing Authority)**

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

Garden Grove Housing Authority
11222 Acacia Parkway
Garden Grove, California 92840
Attn: Secretary

DOCUMENTARY TRANSFER TAX \$ NONE

The undersigned hereby declares this Instrument to be exempt from Recording Fees (Govt. Code §§ 6103 and 27383) and Documentary Transfer Tax (Rev. & Tax. Code §11922).

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the **CITY OF GARDEN GROVE**, a California municipal corporation (“Grantor”), hereby GRANTS to the **GARDEN GROVE HOUSING AUTHORITY**, a public body, corporate and politic (“Grantee”), the real property in the County of Orange, State of California, described in the legal description attached hereto as Attachment No. 1 and incorporated herein.

1. Covenants of Non-Discrimination: There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land. All deeds, leases or contracts affecting the Property, as applicable, shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

Deeds:

In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the

grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

Leases:

In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

Contracts:

In contracts: “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

“GRANTOR”:

CITY OF GARDEN GROVE
a California municipal corporation

By: _____
Scott Stiles, City Manager
or Authorized Designee

**EXHIBIT A TO GRANT DEED
LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF GARDEN GROVE IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 2 OF PARCEL MAP NO. 97-149, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP THEREOF FILED IN BOOK 300, PAGES 9 AND 10 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 090-154-57

STATE OF CALIFORNIA)
)
) SS.
COUNTY OF _____)

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal

Page 304 of 655

CERTIFICATE OF ACCEPTANCE
Grant Deed to Housing Authority

This is to certify that the interests in certain real property conveyed under the foregoing **GRANT DEED** dated as of December __, 2019 as granted by **CITY OF GARDEN GROVE**, a California municipal corporation (“City” or “Grantor”), to the **GARDEN GROVE HOUSING AUTHORITY**, a public body corporate and politic, (“Housing Authority” or “Grantee”), is hereby accepted by the undersigned officer or agent on behalf of the Housing Authority pursuant to joint action by the City Council and Housing Authority on December 17, 2019 and the Housing Authority consents to recordation of this Grant Deed by its duly authorized officer.

Dated: December __, 2019

GARDEN GROVE HOUSING AUTHORITY,
a public body corporate and politic

By: _____
Scott Stiles, Authority Director
or Authorized Designee

ATTEST:

Teresa Pomeroy, CMC, Secretary
or Authorized Designee

EXHIBIT D-1

GENERAL ASSIGNMENT (City/Assignor to HA/Assignee)

This **GENERAL ASSIGNMENT** (“**Assignment**”) is made and dated as of December __, 2019 (“**Effective Date**”), by the **CITY OF GARDEN GROVE**, a California municipal corporation, as assignor (“**Assignor**” or “**City**”), in favor of the **GARDEN GROVE HOUSING AUTHORITY**, a public body corporate and politic, as assignee (“**Assignee**” or “**Housing Authority**”).

RECITALS

Assignor is the fee owner of that certain real property located in the City of Garden Grove, County of Orange, State of California, more particularly described as follows:

PARCEL 2 OF PARCEL MAP NO. 97-149, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP THEREOF FILED IN BOOK 300, PAGES 9 AND 10 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 090-154-57

together with all improvements thereon, the “**Real Property**”). Assignor and Assignee are parties to that certain *Exchange, Disposition and Cooperation Agreement with Joint Escrow Instructions* dated as of December 17, 2019 (“**Exchange Agreement**”). Concurrently herewith, Assignor is conveying to Assignee Assignor’s interest in the Real Property pursuant to a grant deed.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **ASSIGNMENT.** Assignor hereby grants, assigns, transfers, conveys, and delivers to Assignee all of Assignor’s right, title, and interest in and to held by City as to the following described property (collectively, the “**Personal Property**”):

(a) **Lease.** City, as “Landlord”, and North County Senior Services, LLC, a California limited liability company, as “Tenant”, are parties to an existing lease agreement entitled *Amended Lease Agreement* dated as of November 26, 2019 (“Lease”). Under Section 1(e) of the Lease, City as Landlord, has the right to assign such Lease to the Housing Authority, as Assignee; therefore, by this Assignment, City, as Assignor and Landlord, assigns to Housing Authority, as Assignee and successor Landlord, all right and title to said Lease. In connection therewith, City agrees to notify Tenant of this assignment of the Lease in writing in compliance with Section 1(e) thereof.

(b) **Governmental Approvals.** All existing and pending permits, approvals, licenses, entitlements, applications for permits, approvals, licenses, entitlements, and other governmental approvals relating to the construction of improvements on the Real Property; and

(b) **Other Rights and Property.** All other rights, benefits, privileges, and property associated with, or related to, the ownership, operation, maintenance, repair, replacement, renovation, management, development, or construction of the Real Property or the improvements thereon, including, without limitation, any water rights appurtenant to the Real Property.

2. **GENERAL.**

(a) ***Successors and Assigns.*** This Assignment shall be binding on the parties hereto and shall inure to the benefit of their respective heirs, successors, and assigns.

(b) ***Governing Law.*** This Assignment shall be governed by and construed in accordance with the local law of the State of California. The Assignment was made in and is to be performed entirely within the State of California, and its interpretation, its construction and the remedies for its enforcement or breach are to be applied pursuant to, and in accordance with, the laws of the State of California for contracts made and to be performed therein.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first written above.

ASSIGNOR/CITY

CITY OF GARDEN GROVE
a California municipal corporation

By: _____
Scott Stiles, City Manager
or Authorized Designee

ATTEST:

TERESA POMEROY, CMC, CITY CLERK

Teresa Pomeroy or Authorized Designee

ASSIGNEE/HOUSING AUTHORITY

GARDEN GROVE HOUSING AUTHORITY
a public body, corporate and politic

By: _____
Scott Stiles, Authority Director
or Authorized Designee

ATTEST:

TERESA POMEROY, CMC, SECRETARY

Teresa Pomeroy or Authorized Designee

EXHIBIT D-2

GENERAL ASSIGNMENT (HA/Assignor to City/Assignee)

This **GENERAL ASSIGNMENT** (“**Assignment**”) is made and dated as of December __, 2019 (“**Effective Date**”), by the **GARDEN GROVE HOUSING AUTHORITY**, a public body corporate and politic, as assignee (“**Assignor**” or “**Housing Authority**”) in favor of the **CITY OF GARDEN GROVE**, a California municipal corporation, as assignor (“**Assignee**” or “**City**”).

RECITALS

Assignor is the fee owner of that certain real property located in the City of Garden Grove, County of Orange, State of California, more particularly described in Exhibit A, attached hereto and fully incorporated by this reference together with all improvements thereon, (“**Real Property**”). Assignor and Assignee are parties to that certain *Exchange, Disposition and Cooperation Agreement with Joint Escrow Instructions* dated as of December 17, 2019 (“**Exchange Agreement**”). Concurrently herewith, Assignor is conveying to Assignee Assignor’s interest in the Real Property pursuant to a grant deed.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **ASSIGNMENT.** Assignor hereby grants, assigns, transfers, conveys, and delivers to Assignee all of Assignor’s right, title, and interest in and to held by Housing Authority as to the following described property (collectively, the “**Personal Property**”):

(a) ***Governmental Approvals.*** All existing and pending permits, approvals, licenses, entitlements, applications for permits, approvals, licenses, entitlements, and other governmental approvals relating to the construction of improvements on the Real Property; and

(b) ***Other Rights and Property.*** All other rights, benefits, privileges, and property associated with, or related to, the ownership, operation, maintenance, repair, replacement, renovation, management, development, or construction of the Real Property or the improvements thereon, including, without limitation, any water rights appurtenant to the Real Property.

2. **GENERAL.**

(a) ***Successors and Assigns.*** This Assignment shall be binding on the parties hereto and shall inure to the benefit of their respective heirs, successors, and assigns.

(b) ***Governing Law.*** This Assignment shall be governed by and construed in accordance with the local law of the State of California. The Assignment was made in and is to be performed entirely within the State of California, and its interpretation, its construction and the remedies for its enforcement or breach are to be applied pursuant to, and in accordance with, the laws of the State of California for contracts made and to be performed therein.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first written above.

ASSIGNOR/HOUSING AUTHORITY

GARDEN GROVE HOUSING AUTHORITY

a public body, corporate and politic

By: _____
Scott Stiles, Authority Director
or Authorized Designee

ATTEST:

TERESA POMEROY, CMC, SECRETARY

Teresa Pomeroy or Authorized Designee

ASSIGNEE/CITY

CITY OF GARDEN GROVE

a California municipal corporation

By: _____
Scott Stiles, City Manager
or Authorized Designee

ATTEST:

TERESA POMEROY, CMC, CITY CLERK

Teresa Pomeroy or Authorized Designee

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF GARDEN GROVE IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 25 TO 36, INCLUSIVE, OF SCHOOL ADDITION TO GARDEN GROVE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

THAT PORTION OF GROVE AVENUE, 40.00 FEET WIDE, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS SHOWN AND DEDICATED ON THE MAP OF SCHOOL ADDITION TO GARDEN GROVE RECORDED IN BOOK 5, PAGE 20 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND AS DELINEATED AND IDENTIFIED AS OLD C/L GROVE AVENUE ON THE MAP OF RECORD OF SURVEY 91-1127 FILED IN BOOK 138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, WHICH EXTENDS NORTHWESTERLY FROM THE SOUTHERLY PROLONGATION OF THE EAST LINE OF LOT 33 OF SAID SCHOOL ADDITION TO GARDEN GROVE, TO THE EAST LINE OF SAID GROVE AVENUE, AS SHOWN ON THE MAP THE SAID RECORD OF SURVEY 91-1127.

THE SIDELINES OF SAID GROVE AVENUE SHALL BE PROLONGED OR SHORTENED SO AS TO TERMINATE SOUTHEASTERLY ON SAID SOUTHERLY PROLONGATION OF THE EAST LINE OF SAID LOT 33 AND NORTHWESTERLY ON SAID EAST LINE OF GROVE AVENUE AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

EXCEPT THEREFROM THAT PORTION THEREOF, WHICH LIES WITHIN THE LINES OF GARDEN GROVE BOULEVARD AS, SAID STREET IS SHOWN ON THE MAP OF SAID RECORD OF SURVEY 91-1127.

TOGETHER WITH:

THAT PORTION OF GROVE AVENUE, AS HEREINABOVE DESCRIBED, LYING NORTH OF THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF SAID OLD GROVE AVENUE, WEST OF THE WEST LINE OF LOTS 31 AND 32 OF SAID SCHOOL ADDITION TO GARDEN GROVE AND EAST OF THE EAST LINE OF SAID GROVE AVENUE AS SHOWN ON SAID RECORD OF SURVEY 91-1127.

[Legal description continues on next page]

Exhibit D-2
Legal Description
General Assignment
Housing Authority/Assignor to City /Assignee
Page 1 of 2

PARCEL 3:

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN RANCHO LAS BOLSAS, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BEING A PORTION OF THAT CERTAIN PARCEL OF LAND DESCRIBED AS PARCEL 12-12A IN FINAL ORDER OF CONDEMNATION ENTERED JANUARY 5, 1983, SUPERIOR COURT CASE 12-03-46, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 6, 1983 AS INSTRUMENT 83-007859 OF OFFICIAL RECORDS, WHICH LIES EASTERLY OF THE EAST LINE OF GROVE AVENUE 56.00 FEET WIDE AS SHOWN ON A MAP OF RECORD OF SURVEY 91-1127 FILED IN BOOK 138, PAGE 27 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LAND WHICH LIES WITHIN GARDEN GROVE BOULEVARD AS SHOWN ON THE MAP OF SAID RECORD OF SURVEY.

APN: 089-213-02, 089-213-28, 089-213-29, 089-213-31, 089-213-32 AND 089-213-36

**SUMMARY REPORT REGARDING
EXCHANGE AND DISPOSITION OF**

10936, 12892, 12942 Acacia Parkway, Garden Grove, California
APNs: 089-213-02, 089-213-28, 089-213-29, 089-213-31, 089-213-32 AND 089-213-36

under the proposed

**EXCHANGE, DISPOSITION AND COOPERATION AGREEMENT WITH ESCROW
INSTRUCTIONS FOR EXCHANGE OF REAL PROPERTY**

between

**GARDEN GROVE HOUSING AUTHORITY
and
CITY OF GARDEN GROVE**

As of December 2, 2019

BACKGROUND

*Garden Grove Housing Authority, as housing successor
to the former Garden Grove Agency for Community Development*

Prior to February 1, 2012, the Garden Grove Agency for Community Development ("Former Agency") was a community redevelopment agency duly organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* ("CRL").¹ Assembly Bill x1 26 ("AB x1 26"), as chaptered and effective on June 27, 2011, caused the dissolution of the Former Agency and all other California redevelopment agencies. The law was ruled constitutional by the California Supreme Court in *California Redevelopment Association v. Matosantos*, S194861 (December 29, 2011), and thereafter were amended by legislation, including Assembly Bill 1484, Senate Bill 341, and Senate Bill 107 (together as amended, the "Dissolution Law").

Prior to dissolution, the City of Garden Grove ("City"), as the sponsoring jurisdiction, elected to serve at dissolution as the Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency"). On February 1, 2012, the Former Agency was dissolved; and, in June 2012 by AB 1484, the Legislature established successor agencies as public entities separate from their sponsoring cities, so the Successor Agency now is itself a separate public entity under Section 34173(g).

Also, under AB x1 26, the City had to elect whether or not to accept at and upon dissolution the Former Agency's housing assets and functions and become the "housing successor", which the City declined; but, concurrently the City selected the Garden Grove Housing Authority ("Housing Authority") to serve as the housing successor under Section 34176(a)(3) of the Dissolution Law. Further, as a housing authority, the Housing Authority is also governed by the California Housing Authorities Law, Part 2 of Division 24, Section 34200, *et seq.* ("HAL").

As required by Section 34176(a)(2), in July 2012, the Authority prepared a Housing Asset Transfer schedule ("HAT") listing all of the Former Agency's "housing assets" (defined in Section 34176(e))

¹ All statutory references are to the California Health and Safety Code ("HSC") unless otherwise stated.

and submitted the HAT to the State Department of Finance ("DOF"); on August 30, 2012, the DOF approved the HAT confirming the housing assets of the Former Agency were vested by operation of law with the Housing Authority. The HA Property discussed below in this report is one of those DOF-approved housing assets.

Legal Framework for Disposition of Housing Assets

Senate Bill 341 governs the disposition of housing assets by the Housing Authority, as housing successor, and provides in Section 34176(d) that the Low and Moderate Income Housing Asset Fund (LMIHAF) and housing assets are subject to the CRL. Sections 33431 (and prior to dissolution Section 33433) authorized the Former Agency to sell or lease its real property acquired with tax increment, subject to certain noticing, public hearing, and reporting requirements. In furtherance and compliance with Senate Bill 341, the Housing Authority has duly noticed a joint public hearing of the City Council and Housing Authority on December 17, 2019 and has prepared this summary report in connection with the exchange and disposition of the subject HA Property since it is a housing asset. Further, Section 34312.3 of the HAL authorizes the Authority, after a noticed public hearing, to sell, lease, or otherwise dispose of its real property without complying with surplus property disposition law so long as the real property is sold or leased at not less than fair value and the proceeds, net costs of sale, are used for affordable housing. In connection with the Exchange as defined and described in that certain *Exchange, Disposition and Cooperation Agreement with Escrow Instructions for Exchange of Real Property* ("Exchange Agreement") the City agrees to convey certain City Property to the Housing Authority and the Housing Authority agrees to convey the HA Property to City in exchange ("Exchange") on the terms and conditions set forth therein.

HA Property and City Property

The Housing Authority is the fee owner of certain real property located at 10936, 12892, 12942 Acacia Parkway, Garden Grove, California APNs: 089-213-02, 089-213-28, 089-213-29, 089-213-31, 089-213-32 AND 089-213-36 (together, "HA Property"), which under the Exchange Agreement, if approved by the City Council and Housing Authority, would be exchanged and conveyed by the Housing Authority to the City for public purposes. The HA Property is located at southeast corner of Acacia Avenue and Grove Avenue, extending southerly to Garden Grove Boulevard; has approximately 1.7 acres or about 74,052 square feet of land area; the property has a double corner location on two secondary streets and one primary street; and, is currently improved with a public parking lot. The HA Property has been appraised by an independent professional appraiser, which appraisal dated as of November 18, 2019, which concludes a range of fair market value under two scenarios: (i) land value, "As-If" the site is re-zoned by the City as CC-3: \$5,330,000; and (ii) land value "As-Is" assuming PUD (M) zone with change to CC-3 designation: \$4,800,000.

The City is the owner of certain real property located at 11391 Acacia Parkway, Garden Grove, California (APN 090-154-57 (portion)) (herein, "City Property"), which under the Exchange Agreement, if approved by the City Council and Housing Authority, would be exchanged and conveyed by the City to Housing Authority for affordable housing purposes under HSC Section 34312.3(b). The City Property is located at the northwest corner of Acacia Parkway and Eighth Street in the Civic Center area and the site of the former city hall; is approximately 1.57 acres or about 68,388 square feet of land area; has a corner location on two secondary streets; is generally

rectangular in land configuration; and is currently improved with adjoining buildings, one totaling 8600 sq. ft. and a smaller 4800 sq. ft. building, totaling approximately 13,400 sq. ft. The City Property is subject to an existing lease agreement between the City, as landlord, and North County Senior Services, LLC, as "Tenant" (formerly Acacia Adult Day Services), which lease, as amended, is dated as of November 26, 2019 and became effective on December 1, 2019 ("Acacia Lease"). Tenant is managed by Alzheimer's Orange County, a California nonprofit corporation, which operates Acacia Adult Day Services that provides care services for senior citizens with illnesses or disabilities or who are otherwise in need of limited supervision. The rent due under the Acacia Lease is nominal at \$1.00/year. The City Property has been appraised by an independent professional appraiser, which appraisal is dated as of November 18, 2019 and concludes the fair market value of the Unencumbered Fee Simple Interest is \$4,855,000. Also, the independent appraisal presents an alternate valuation of the City Property, as encumbered by the Acacia Lease, at \$890,000. The appraiser's conclusion of the Unencumbered Fee Simple Interest value of \$4,855,000 assumes for valuation purposes that the Acacia Lease would be terminated at a future date. In this regard, both Landlord and Tenant each have the right to terminate the Acacia Lease under Section 3(b) thereof, by issuance of a 270-day notice of termination by one party to the other, at which time the City Property would revert to the fee owner and would be available for a highest and best use development, including an affordable housing project. Based on the current zoning, the maximum residential density is 42 units/acre, which would allow approximately 66 housing units on the 1.57-acre City Property.

As additional consideration for the Exchange, under the Exchange Agreement, the City will pay to Housing Authority at the Closing an amount equal to the difference between the highest appraised value of the HA Property (\$5,330,000) and the highest appraised value of the City Property (\$4,855,000), which amount is \$475,000.00 plus all Closing costs incurred for the Exchange transaction (together, "City Additional Consideration"). Therefore, here, the Dissolution Law, HAL and CRL permit the Authority, with the consent of the City Council, to exchange and convey the HA Property to the City after a public hearing, and after the Closing the Housing Authority will deposit \$475,000 into the LMIHAF to be later expended in compliance with the Dissolution Law, the HAL, and other applicable laws. The eligible expenditures thereunder include development of affordable housing and other eligible activities; and, specifically as to development, that term is defined under Section 34176.1(a)(3)(D) to allow: (i) new construction, (ii) acquisition and rehabilitation, (iii) substantial rehabilitation, (iv) acquisition of long-term affordability covenants on multifamily units, and (v) preservation of existing subsidized housing that is at-risk of converting to market rate housing.

SUMMARY OF THE EXCHANGE AGREEMENT

City and Housing Authority staff and legal counsel have prepared the Exchange Agreement for exchange and disposition of the HA Property and City Property. As required by Section 34312.3 of the HAL, the Authority will use the net proceeds of the exchange (\$475,000) and the City Property acquired at the Closing for eligible affordable housing activities under the HAL and the Dissolution Law, including development of affordable housing in the community.

On December 17, 2019, City and Housing Authority staff will present this Report and the Exchange Agreement to the City Council and Housing Authority; a joint public hearing will be conducted, public

testimony will be received and considered and the City Council and Authority will consider and take action to approve, or not, the sale of the Exchange Agreement.

Parties to the Exchange Agreement

The parties to the Exchange Agreement are the Garden Grove Housing Authority and the City of Garden Grove.

Property and Interest to be Conveyed

As noted above, the HA Property is located at southeast corner of Acacia Avenue and Grove Avenue, extending southerly to Garden Grove Boulevard; has approximately 1.7 acres or about 74,052 square feet of land area; the property has a double corner location on two secondary streets and one primary street; and, is currently improved with a public parking lot.

Cost of the Exchange Agreement and the HA Property to the Former Agency

The Former Agency acquired the Property at a cost of \$2,300,000 by agreement dated as of March 8, 2011. A summary of financial information about the Property, including the costs incurred by the Former Agency prior to dissolution and then the Housing Authority since dissolution, are set forth in the following table:

Purchase Price of HA Property as of March 2011	\$2,300,000
Estimated maintenance costs related to the HA Property between March 2011 to December 2019	\$22,503.69
Estimated costs for advisory assistance, such as legal and professional services, for HA Property between March 2011 to December 2019	\$0
Total estimated accrued cost of HA Property ownership between March 2011 to December 2019	\$22,504
Valuation of HA Property for Exchange under Exchange Agreement The HA Property has been appraised by an independent professional appraiser, which appraisal dated as of November 18, 2019, which concludes a range of fair market value under two scenarios: (i) land value, "As-If" the site is re-zoned by the City as CC-3: \$5,330,000; and (ii) land value "As-Is" assuming PUD (M) zone with change to CC-3 designation: \$4,800,000.	\$5,330,000 (higher value used under Exchange Agreement)
Valuation of City Property for Exchange under Exchange Agreement The City Property has been appraised by an independent professional appraiser, which appraisal is dated as of November 18, 2019 and concludes the fair market value of the Unencumbered Fee Simple Interest is \$4,855,000; and, the	\$4,855,000 (higher value used under Exchange Agreement)

appraisal presents an alternate valuation of the City Property, as encumbered by the Acacia Lease, at \$890,000.	
Net Asset Value plus Cash/Revenue to Housing Authority per City Additional Consideration paid by City under Exchange Agreement	\$5,330,000 \$475,000 + \$4,855,000 (and City paying costs of Closing under Exchange Agreement)

Estimated Revenue to the Housing Authority

See above table.

Net Asset Value and Cash/Revenue to the Housing Authority as Housing Successor

See above table.

Estimated Value of the Interest to be Conveyed

See above table.

Consideration Received and Reasons Therefor

Under the terms of the Exchange Agreement, the consideration of \$5,330,000 to the Authority is equal to, not less than, the fair market value of the HA Property at its highest and best use, as determined by an independent appraiser.

City Property Acquired by Housing Authority

The proposed Exchange and subsequent reuse the City Property as described in the Exchange Agreement further the goals and objectives of the Housing Authority, the City's Housing Element of the General Plan, all in compliance with affordable housing and other eligible activities under the HAL and Dissolution Law.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Lisa L. Kim
Dept.:	City Manager	Dept.:	Community and Economic Development
Subject:	Adoption of a Resolution to approve a Date: 12/17/2019 Master Ground Lease between the City of Garden Grove and MWillowick Land LLC. (Continued from December 10, 2019.) (<i>Action Item</i>)		

OBJECTIVE

To consider a Resolution to authorize approval and execution of a Master Ground Lease between the City of Garden Grove (Landlord) and MWillowick Land LLC (Tenant) for the management and control of the property located at 3017 West 5th Street in the City of Santa Ana, most commonly known as the Willowick Golf Course.

BACKGROUND

The Willowick Golf Course is an 18-hole commercial golf course owned by the City since 1964. The golf course and its amenities, which include a clubhouse and restaurant have historically produced a net positive income stream to the City's General Fund. Over the past few years, the Willowick operations has experienced a gradual decline in income that is likely commensurate with golf popularity waning. Concurrently, an expiring management agreement for Willowick has made continuing the golf operations uncertain. Given these factors, initial efforts to explore long-term economic sustainability of Willowick commenced. From an approved 2017 Memorandum of Understanding, early discussions associated with potential reuse of the Willowick property initiated between the Cities of Garden Grove and Santa Ana. Through a progression of Joint Study Session meetings between Garden Grove and Santa Ana (December 2018 and April 2018), the Envision Willowick community engagement efforts (September through October 2018), and release of the Request for Proposals (April through June 2019), a comprehensive effort to explore the future of Willowick was proceeding.

Willowick Request for Proposal (RFP)

The response to the Willowick RFP resulted in twelve respondents of which nine (9) contingent proposals and three (3) non-contingent cash offers were received. In July 2019, eight (8) contingent proposers were invited to a presentation and interview process by the City of Garden Grove in collaboration with the City of Santa Ana. Evaluations of the non-contingent cash offers proceeded under a separate process by the City of Garden Grove.

Willowick Alternative Proposals

Unexpectedly, various entities have offered alternative proposals to acquire Willowick on the condition that the transaction is completed prior to December 31, 2019. This was an unanticipated development. Given the economic magnitude, a comprehensive review and negotiations of the alternative proposals was conducted to determine potential long-term economic sustainability for Garden Grove and Santa Ana. The alternative proposals were offered by the following entities:

1. InSite Property Group
2. Landspire - Lyon Living - Integral Development, LLC
3. Majestic Realty Co.
4. McWHINNEY Real Estate Services, Inc. ("McWHINNEY")
5. West Coast GC Group, LLC

At the November 26, 2019 meeting, staff received City Council direction to negotiate a Master Ground Lease with the McWHINNEY for consideration at the December 10th City Council meeting. As additional time was needed to finalize the Master Ground Lease, staff requested a continuance of this item to the December 17, 2019 City Council meeting.

Pending Litigation

The City of Garden Grove has disclosed to McWHINNEY that there is currently pending litigation affecting the Willowick Property brought by Orange County Communities Organized for Responsible Development. While a Temporary Restraining Order has been issued on November 26, 2019, the City is permitted to continue to negotiate an agreement for the disposition of Willowick and the City Council can approve a final agreement provided the agreement doesn't become effective or the disposition consummated until after the court's decision on the scheduled hearing on a preliminary injunction, provided the court's decision does not enjoin the City from consummating the transaction. A preliminary injunction hearing is scheduled for December 17, 2019 and it is anticipated the results of the preliminary injunction hearing will be presented at the December 17th City Council meeting.

DISCUSSION

Founded in 1991, McWHINNEY is a comprehensive real estate development, investment and management firm that has demonstrated experience with community engagement and outreach, planning, entitlements and development execution. McWHINNEY brings a dynamic approach and philosophy that puts "Place-Making First". With over 30 years of experience in developing large-scale, mixed-use developments, it is recommended that McWHINNEY be selected as the development partner to help guide the future of Willowick to achieve future long-term economic sustainability and deliver community benefits to both Garden Grove and Santa Ana. These benefits could include the following:

- The creation of new jobs benefitting Garden Grove and Santa Ana residents; The development of new or improved park and recreation facilities and other infrastructure;
- A sustainable funding source for programs that support the development of additional affordable housing in Garden Grove; and
- Additional funding to support public safety, economic development initiatives, small business assistance programs, community health and welfare programs, and similar initiatives and activities in Garden Grove.

Proposed Master Ground Lease

The City Council is requested to approve a Master Ground Lease with a McWHINNEY affiliated entity, MWillowick Land LLC that would provide for MWillowick Land LLC to act on behalf of the City for all purposes in management and control of the Property subject to the Master Ground Lease.

A copy of the final Master Ground Lease is attached and a general overview of the lease structure is summarized below:

Master Ground Lease Term:

- 55 years

Initial Base Rent Payment:

- \$2 million

Ongoing Lease Payment(s):

- The City will receive ground lease payment of 85% of the value and MWillowick Land LLC shall receive 15% of the value.

Pre-development Costs:

- MWillowick Land LLC shall be responsible for all pre-development costs including: outreach and community engagement, planning, entitlements, finance, and infrastructure development.

Sale Parcel(s):

- Following approval of entitlements, MWillowick Land LLC may exercise an option to purchase up to 30 acres of Willowick Property in which the City will be entitled to receive 85% of the sale proceeds.

Ground Lease Development:

- MWillowick Land LLC may convert up to +70 acres of the Property under a Developer Ground Lease and/or Third Party Ground Lease structures in which the City shall receive 85% of the value and Developer shall receive 15% of the value.

Golf Course Operations:

- MWillowick land LLC will responsible for leasing and contracting a qualified operator for interim operations

operations.

FINANCIAL IMPACT

Subject to entitlements and performance of the Property, it is anticipated the City may realize increased income streams comprised of the Option Parcels and a combination of eight-five percent (85%) share of the Base Rent and Percentage Rent over the term of the Ground Lease, thereby achieving a long-term economic sustainability for Garden Grove.

RECOMMENDATION

It is recommended that the City Council:

- Adopt the Resolution authorizing approval and execution of a Master Ground Lease between the City of Garden Grove and MWillowick Land LLC in substantially the form attached to this report; and, authorize the City Manager to execute the agreement and approve minor modifications deemed necessary.

Lisa L. Kim

Assistant City Manager/Community and Economic Development Director

ATTACHMENTS:

Description	Upload Date	Type	File Name
Resolution	12/12/2019	Resolution	12-17-19_GG_RESOLUTION_APPROVING_LEASE_OF_WILLOWICK_GOLF_COURSE_PROPERTY_(JHE_Revisions)_1).pdf
Master Lease Agreement	12/13/2019	Agreement	12-17-19_Willowick_-_Ground_Lease_(FINAL).pdf

CITY OF GARDEN GROVE

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING A MASTER GROUND LEASE BETWEEN THE CITY OF GARDEN GROVE AND MWILLOWICK LAND LLC FOR THE WILLOWICK GOLF COURSE PROPERTY

THE CITY COUNCIL OF THE CITY OF GARDEN GROVE HEREBY FINDS AND DETERMINES AS FOLLOWS:

The City of Garden Grove ("City") owns that certain real property consisting of approximately 100 acres and commonly referred to as the Willowick Golf Course ("Willowick"), located at 3017 W. 5th Street, Santa Ana, California.

The City acquired Willowick in 1964 and has operated Willowick as a commercial golf course since.

The City Council considers Willowick to be a City asset held for purposes of investment and revenue generation to support City services.

During the City's ownership of Willowick, revenue generated by the golf course and ancillary operations at Willowick has been utilized not only to operate the golf course, but also to help fund City services to Garden Grove residents.

In recent years, revenue generated by the Willowick asset to support City services has declined.

The City Council wishes to increase the revenue-generating potential of the Willowick asset to continue fund important City services.

Beginning in 2017, the City commenced a public process to evaluate the potential for redeveloping and reusing Willowick to achieve long-term economic and community benefits. This public process included:

- Approval of a Memorandum of Understanding with the City of Santa Ana in September of 2017 to jointly explore and evaluate the potential for redevelopment of Willowick;
- A December 4, 2017 joint Garden Grove and Santa Ana City Council meeting to discuss Willowick;

- Approval in April of 2018 of an “Agreement Between City of Santa Ana and City of Garden Grove to Explore the Redevelopment of the Willowick Golf Course Site in the City of Santa Ana”;
- Presentation of a status report at the August 28, 2018 Garden Grove City Council meeting about progress in evaluating potential reuse of Willowick.
- Publication in August 2018 of a separate “Envision Willowick” Internet web page on the City’s public website to inform community members about the process of developing a vision plan for the redevelopment of Willowick.
- Four community workshops held in Santa Ana in 2018 to solicit community input and feedback on the vision plan for Willowick.
- The development of an economic analysis and a “Visioning Document” to be used as a guide and act as a resource in the preparation of a development plan for Willowick, which were published on the City of Garden Grove website and presented at a public meeting in January 2019.
- A January 29, 2019 joint Garden Grove and Santa Ana City Council meeting to discuss the potential redevelopment of Willowick and preparation of a Request for Proposals.

In April 2019, the City issued a Request for Proposals (“RFP”) soliciting proposals from potential master developers for Willowick. An objective of the RFP was to obtain viable proposals for reusing and redeveloping Willowick to achieve sustainable long-term economic and community benefits for Garden Grove and Santa Ana.

The City received twelve proposals in response to the RFP, including three non-contingent cash offers to acquire the property.

On October 7, 2019, Orange County Communities Organized for Responsible Development (“OCCORD”) filed a petition for writ of mandate and complaint for declaratory and injunctive relief seeking an order and adjudication from the court directing Garden Grove to comply with the Surplus Land Act prior to the disposition of Willowick, notwithstanding the fact that Willowick is not “surplus land.”

The Surplus Land Act provides that, prior to disposing of “surplus land,” local agencies shall first offer such “surplus land” to housing sponsors and other public agencies for the development of affordable housing and parks and open space.

The Surplus Land Act does not require public agencies to treat all property it wishes to dispose of as “surplus land.” The Act defines “surplus land,” in part, as “land owned by a local agency, that is determined to be no longer necessary for the agency’s use.” As recently recognized by the Court of Appeal in *Anderson v. City of San Jose* (Nov. 26,

2019) No. H045271, 2019 WL 6317875, at *17, the determination of whether a particular piece of property is “surplus” – i.e., “no longer necessary for the agency’s use” – is entirely within the local government’s discretion.

The Garden Grove City Council has not declared Willowick to be “surplus” and does not consider Willowick to be “surplus land” within the meaning of the Surplus Land Act. In pursuing the potential future reuse and redevelopment of Willowick through a sale or lease transaction, it is the City Council’s intent that Willowick will continue to be used as an asset that not only provides community benefits, but also generates revenue that can be used to help fund important City services for the benefit of Garden Grove residents.

These benefits could include, without limitation, the creation of new jobs benefitting both Santa Ana and Garden Grove residents; funding for the development of new or improved park and recreation facilities and other infrastructure in Garden Grove; funding for City programs that support the development of additional affordable housing in Garden Grove; and additional funding to support public safety, economic development initiatives, small business assistance programs, community health and welfare programs, and similar programs and initiatives in Garden Grove.

On October 9, 2019, Governor Newsom signed Assembly Bill (“AB”) 1486. AB 1486, will amend the Surplus Land Act effective January 1, 2020. These amendments will include, among others, changing the existing, long-standing definition of “surplus land;” providing that land shall be declared either “surplus land” or “exempt surplus land” before a local agency may take any action to dispose of it; and adding a new limitation providing that an “agency’s use” “shall not include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development” or “property disposed of for the sole purpose of investment or generation or revenue.”

The intended cooperation with Santa Ana and consideration of contingent offers from developers require long-term review and negotiation of possible disposition agreements that could not have been considered and fully negotiated until after January 1, 2020 when the amendments of the Surplus Land Act under AB 1486 would have taken effect. Consequently, Garden Grove initially decided that it would put the RFP process on hold pending the possible compliance with the Surplus Land Act as amended by AB 1486 in January 2020.

However, despite the pending litigation, various entities and proposers continued to express interest in buying or leasing Willowick for potential redevelopment on the condition that the transaction be consummated prior to January 1, 2020.

The City has received and considered multiple offers to purchase or lease Willowick on the condition that transfer of the land occurs on or before December 31, 2019.

McWhinney Real Estate Services, Inc. has submitted a proposal pursuant to which it, or one or more affiliates, would act as the master developer of Willowick under a long-term

ground lease. Under the proposed ground lease, the master developer will be responsible for the outreach and community engagement, planning, entitlement, and operation of Willowick, and the City will realize 85% of the value generated by the use of the property over the term of the lease. These funds will provide the City with a sustainable, long-term source of revenue to fund City services and programs that benefit Garden Grove residents, including, but not limited to, programs that provide monetary incentives for the development of additional low and moderate-income housing in Garden Grove and provide other benefits to Garden Grove residents.

Under the proposed ground lease, Willowick will continue to be operated as a golf course for an interim period.

The City Council finds that the proposed ground lease will allow Willowick to continue to be used by the City in a manner that best achieves sustainable long-term economic and community benefits for both Garden Grove and Santa Ana, consistent with a key objective of the RFP process.

Under the California Environmental Quality Act, California Public Resources Code Section 21000, et seq., ("CEQA") and the implementing regulations set forth at Title 14 California Code of Regulations Section 15000, et seq. ("Guidelines"), CEQA applies only when a public agency has "approved" a project. For these purposes, "approval" means the decision by a public agency which commits the agency to a definite course of action. (CEQA Guidelines section 15352.) Here, approval of the ground lease does not commit Garden Grove or the developer to any specific construction plan or project. Furthermore, the redevelopment proposal under the ground lease is not defined well enough to provide meaningful information for environmental assessment.

On December 7, 2019, the Court in the OCCORD lawsuit issued a temporary restraining order restraining and enjoining the City from consummating any disposition, sale, lease, transfer, and/or conveyance of Willowick to any person or entity, pending a hearing on an order to show cause scheduled for December 17, 2019. In adopting this Resolution, it is the City Council's intent to conditionally approve the proposed ground lease agreement, subject to the pending temporary restraining order being dissolved and the Court not issuing a preliminary injunction following the December 17, 2019 hearing restraining the City from entering into the agreement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Garden Grove that the Ground Lease between the City of Garden Grove and MWillowick Land LLC in substantially the form presented at the meeting is hereby approved and the City Manager is hereby authorized to execute the Ground Lease and to sign all other documents necessary and appropriate to carry out and implement the Ground Lease, if and at such time as the City and the City Manager are no longer restrained and enjoined by order of the Court from doing so. The City Manager is further authorized to approve minor modifications to the Ground Lease as they may be deemed necessary.

Approved and adopted this 10th day of December 2019.

Mayor

ATTEST:

City Clerk

MASTER GROUND LEASE

This **MASTER GROUND LEASE** (this “**Lease**”) dated as of December __, 2019 (the “**Effective Date**”) is entered into by and between **CITY OF GARDEN GROVE**, a California municipal corporation (“**Landlord**”), and **MWILLOWICK LAND, LLC**, a Delaware limited liability company (together with its permitted successors and assigns, “**Tenant**”).

RECITALS

A. Landlord owns certain real property located at 3017 West 5th Street within the corporate limits of the City of Santa Ana consisting of approximately One Hundred Two (102) acres as described in the legal description attached hereto as Exhibit A (the “**Land**”). Each party acknowledges that the land entitlement authority with respect to the “**Property**” (as hereinafter defined) is Santa Ana and that the other party has made no assurances or representations concerning the availability, nature, or scope of Entitlements that may be given by Santa Ana or the conditions that may be imposed by Santa Ana in connection therewith. Landlord hereby acknowledges that Tenant has made no representations or assurances regarding the performance of the **Property** or the “**Project**,” including the availability, nature, or scope of, or Tenant’s ability to obtain, any “**Entitlements**,” or the amount of “**Percentage Rent**” (as such terms are hereinafter defined) or any component thereof or any amount thereof that will be received by Landlord.

B. Landlord desires to lease the **Property** to Tenant, and Tenant desires to lease the **Property** from Landlord, pursuant to the terms and conditions of this Lease.

C. The **Property** is improved with and is operating as an 18-hole golf course, clubhouse, driving range and other amenities (“**Willowick Golf Course**”), pursuant to that certain Willowick Golf Course Management Agreement with Billy Casper Golf, LLC, a Virginia limited liability company (“**BCG**”), dated as of May 15, 2019 (the “**Management Agreement**”).

D. This Lease is in the vital and best interests of the City of Garden Grove, and in accordance with applicable state and local laws and requirements.

E. The foregoing Recitals constitute a substantive part of this Lease.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, Landlord and Tenant agree as follows:

ARTICLE 1 LEASE OF THE PROPERTY.

1.1 Lease of the Property. Landlord hereby leases the **Property** to Tenant, and Tenant hereby leases the **Property** from Landlord, on the terms and conditions set forth in this Lease. Subject to the provisions of Section 5.3 hereof and the “**Assignment and Assumption of Management Agreement**” (as hereinafter defined), Tenant shall, concurrent with the **Effective Date** and thereafter, be the owner of all Improvements and all Personal Property and Intangible Property (other than the **Management Agreement**). Landlord hereby covenants that Tenant shall take possession of the **Property** under this Lease concurrently with the **Commencement Date**. Landlord

hereby assigns its rights under the Management Agreement to Tenant hereunder and Tenant assumes all of Landlord's rights, obligations and liabilities as "Owner" under the Management Agreement first arising and accruing from and after the Effective Date; provided, however, that the "Excluded Liabilities" (as hereinafter defined) shall remain a liability of Landlord.

Tenant shall pay (a) all recording charges associated with the transfer of the leasehold interest by Landlord to Tenant under this Lease, (b) the title premium for any title insurance policy issued in favor of Tenant, and (c) 50% of all escrow charges payable in connection with this Lease. Landlord shall pay (x) all transfer taxes payable in connection with the transfer of the leasehold interest by Landlord to Tenant under this Lease or any other Transfer contemplated by Article 24 of this Lease, and (y) 50% of all escrow charges payable in connection with this Lease. Any other costs payable in connection with this Lease shall be allocated between the parties in accordance with local custom.

1.2 Purpose of this Lease. The purpose of this Lease is to provide for the development, ownership, master planning, operation (including, subject to Article 12, operation as a golf course), leasing and monetization of the Land in accordance with the Entitlements as will be determined by Tenant (the "**Project**"). The term "**Project**" as used herein also includes the process of obtaining the Entitlements required for the development, construction, ownership, use and operation of the Land (and the other transactions contemplated by this Lease). Tenant shall not occupy or use the Property, nor permit the Property to be occupied or used, nor do or permit anything to be done in or on the Property, in whole or in part, for any other purpose other than the Project during the Term of this Lease pursuant to the terms and provisions of this Lease.

1.3 Recorded Encumbrances. This Lease, the interests of Landlord and Tenant hereunder, and the Property, are in all respects subject to and bound by all of the covenants, conditions, restrictions, reservations, rights, rights-of-way and easements of record as of the Effective Date or otherwise permitted pursuant to the terms of this Lease.

1.4 Memorandum of Master Ground Lease. The Memorandum of Master Ground Lease shall be executed by Landlord and Tenant concurrently herewith and recorded in the Official Records concurrently with the Commencement Date. This Lease shall be effective without regard to whether the Memorandum of Master Ground Lease has been recorded in the Official Records.

1.5 Other Documents. Concurrently herewith, Landlord or Tenant, or both, as applicable, shall execute (cause to be acknowledged by a notary, if applicable) and deliver to the other party, (1) a grant deed in the form of Exhibit C attached hereto (the "**Initial Deed**"), conveying title to the Improvements, (2) a bill of sale, assignment and assumption agreement in the form of Exhibit D attached hereto (the "**Bill of Sale**"), conveying title to the Personal Property and Intangible Property (other than the Management Agreement), and (3) an assignment and assumption of management agreement in the form of Exhibit E attached hereto (the "**Assignment and Assumption of Management Agreement**").

ARTICLE 2 DEFINITIONS.

Capitalized terms used herein are defined where first used in this Lease and/or as set forth in this Article 2.

“Additional Rent” means the additional rent which may be required to be paid by Tenant to Landlord pursuant to Section 4.1.3.

“Affiliate” means, with respect to a Person, any Person, directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with the Person in question.. The term **“control”** (and words of similar import, whether or not capitalized) means (a) with respect to a Person that is a corporation, the right to exercise, directly or indirectly, at least 50% of the voting rights attributable to the shares of such Person, and (b) with respect to a Person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person.

“Appurtenances” means all easements, rights-of-way, and appurtenances benefiting the Land.

“Award” means any compensation or payment made or paid for the Total Taking, Substantial Taking, Partial Taking or Temporary Taking of all or any part of or interest in the Property, whether pursuant to judgment, agreement or otherwise.

“Base Rent” is defined in Section 4.1.1, and was paid concurrently herewith.

“Breach” is defined in Article 21.

“City” means City of Garden Grove, acting in its governmental capacity.

“City Attorney” means the City Attorney of the City of Garden Grove or such other legal counsel as may be designated for such purpose from time to time by the City Manager.

“City Manager” means the City Manager of the City of Garden Grove or his designee who shall represent Landlord in all matters pertaining to this Lease. Any action, approval, consent or other determination required or permitted to be undertaken by Landlord hereunder may be made by the City Manager, and City Manager is authorized, but not required, to so act (and Tenant may rely on the same), unless this Lease specifically provides otherwise.

“Commencement Date” means the Effective Date.

“Complete,” “Completes,” “Completion” or “Completed,” with reference to each Improvement, means the date on which Tenant is eligible to receive a Certificate of Occupancy for each respective Improvement.

“CPI” means the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for Urban Wage Earners and Clerical Workers, Subgroup “All Items,” for the Los Angeles-Riverside-Orange County area, 1982 – 84 = 100, or successor or equivalent index

in case such index is no longer published. CPI adjustments under this Lease shall commence in the year following the Commencement Date.

“County” means the County of Orange, California.

“Default” has the meaning set forth in Article 21.

“Entitlements” means the licenses, permits, entitlements and other approvals (including the Master Development Plan) that are issued or required to be issued by the City of Santa Ana or any other applicable governmental agency for the development, construction, ownership, use and operation of the Project.

“Entity” means any partnership (general, limited or limited liability), a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental, quasi-governmental, judicial or regulatory entity or any department, agency or political subdivision thereof.

“Environmental Laws” means all laws, ordinances and regulations relating to Hazardous Materials, including, without limitation: the Clean Air Act, as amended, 42 U.S.C. Section 7401, *et seq.*; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 *et seq.*; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901, *et seq.*; the Comprehensive Environment Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986, “CERCLA”), 42 U.S.C. Section 9601, *et seq.*; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 *et seq.*; the Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. Section 11001 *et seq.*; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801 *et seq.*; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300f *et seq.*; all comparable state and local laws, laws of other jurisdictions or orders and regulations; and all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the State, the County, Santa Ana, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over Landlord, Tenant, or the Property.

“Excluded Liabilities” means each of the following: (i) any historic liabilities or other liabilities with respect to the Property or the Management Agreement attributable to the period prior the Effective Date; and (ii) any liabilities arising on or after the Effective Date as a result of any action or omission by Landlord or any other Landlord Related Person that constitutes Substandard Conduct or a breach of this Lease.

“Extension Base Rent Payment(s)” mean the First Extension Base Rent Payment and, if applicable, the Second Extension Base Rent Payment, collectively.

“Fiscal Quarter” means each three (3) calendar month period ending March 31, June 30, September 30 or December 31.

“Force Majeure Event” is defined in Article 23.

“Governmental Requirements” means all applicable laws, ordinances, statutes, codes, rules, regulations, orders, and decrees of the United States, the State of California, the County, Santa Ana, or any other political subdivision in which the Property is located, and of any other political subdivision, agency, or instrumentality exercising jurisdiction over Landlord, Tenant or the Property, as may be amended from time to time, including all applicable state and federal labor standards, all applicable Local Codes, all applicable Environmental Laws, all applicable Uniform Codes including, building, plumbing, mechanical and electrical codes, and all other applicable disabled and handicapped access requirements, and further including without limitation, all applicable governmental requirements, including without limitation, to the extent applicable, the payment of prevailing wages in compliance with Labor Code Section 1770, *et seq.*, keeping of all records required pursuant to Labor Code Section 1776, complying with the maximum hours requirements of Labor Code Sections 1810 through 1815, and complying with all regulations and statutory requirements pertaining thereto, the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Sections 51, *et seq.*

“Gross Revenue” has the meaning set forth therefor in Schedule 1 hereto.

“Hazardous Material” or **“Hazardous Materials”** means and includes any substance, material, or waste which is or becomes regulated by any local governmental authority, including the County, the Regional Water Quality Control Board, the State of California, or the United States Government, including, but not limited to, any material or substance which is: (i) defined as a “hazardous waste,” “acutely hazardous waste,” “restricted hazardous waste,” or “extremely hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter Presley Tanner Hazardous Substance Account Act); (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum; (vi) asbestos and/or asbestos containing materials; (vii) lead based paint or any lead based or lead products; (viii) polychlorinated biphenyls; (ix) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317); (x) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.* (42 U.S.C. Section 6903); (xi) methyl tertiary-butyl ether; (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601, *et seq.* (42 U.S.C. Section 9601); (xiii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any applicable Governmental Requirements either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as “hazardous” or harmful to the environment; and/or (xiv) lead based paint pursuant to and defined in the Lead Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. § 4800, *et seq.*, specifically §§ 4821–4846, and the implementing regulations thereto. Notwithstanding the foregoing, “Hazardous Materials” shall not include such products in quantities below attainment levels identified in one or more of the enactments identified above as

Governmental Requirements, including those products and amounts as are customarily used in the construction, maintenance, rehabilitation, management, operation and occupancy of commercial buildings and grounds, or typically used in commercial activities in a manner typical of other comparable commercial developments (e.g., common cleaning solvents, liquid paper), or substances commonly ingested by a significant population living within the Improvements, including without limitation alcohol, aspirin, tobacco and saccharine.

“Improvements” means all buildings, structures, fixtures and other improvements currently existing or hereafter located on the Land, including, if (and to the extent) applicable, the Willowick Golf Course.

“Indemnity” is defined in Section 16.5.

“Insurance Requirements” means all terms of any insurance policy covering or applicable to the Property or the Improvements, or any part thereof, all requirements imposed by the issuer of any such policy, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Property or the Improvements, or any part thereof, or any use or condition of the Property or the Improvements, or any part thereof.

“Intangible Property” means all right, title and interest of Landlord in and to the Management Agreement, and to the extent assignable, the names “Willowick” and “Willowick Golf Course,” governmental permits, licenses and approvals, warranties and guarantees that Landlord has received in connection with any work or services performed with respect to, or equipment installed in, all or any portion of the Real Property, tenant lists, advertising materials, telephone exchange numbers, development plans, renderings, studies, and other intangible personal property related to all or any portion of the Real Property or Personal Property.

“Landlord Delay” shall mean any prevention, delay, nonperformance or stoppage due to (i) Landlord’s failure to comply with any provision of this Lease; (ii) Landlord’s failure to comply with the deadlines set forth in this Lease; or (iii) any Substandard Conduct by Landlord or any other Landlord Related Person.

“Landlord’s Actual Knowledge” means the actual knowledge of any one or more of Lisa Kim, Dan Candelaria and Greg Blodgett, with no duty of investigation or inquiry of any kind or nature whatsoever, and there shall be no personal liability arising out of the representations or warranties made herein.

“Landlord Related Person” means any of Landlord and the elected officials, officers, agents and representatives of Landlord.

“Major Change” means any change to the Master Development Plan or the Marketing Plan (as applicable) that (i) increases or reduces the total allowable gross building area of non-residential buildings by 20% or more in the aggregate and/or (ii) increases or reduces the total number of allowable residential dwelling units by 10% or more in the aggregate, in each case with respect to the entire Project taken as a whole.

“Master Development Plan” means the comprehensive land-use entitlement document granted by Santa Ana (e.g., a Specific Plan or PUD or similar approval) for the development of substantially all of the Project. Landlord and Tenant will mutually execute a certificate identifying the Master Development Plan promptly following completion and final approval thereof by Santa Ana. It is understood that any statements in this Lease relating to the receipt of the Master Development Plan are intended to mean the receipt by Tenant of the Master Development Plan approved by Santa Ana.

“Master Development Plan Deadline” means the date that is three (3) years after the Commencement Date, as the same may be extended as provided in Section 3.2 or on a day-to-day basis by reason of delays attributable to Force Majeure Events or Landlord Delays.

“Marketing Plan” means a high-level general plan formally proposed and adopted by Tenant and approved by Landlord (such approval not to be unreasonably withheld, delayed or conditioned) for the development and disposition of the Property addressing the anticipated range of uses, quantities, and qualifiers as to levels of quality, and provides categories of target developers, as the same may be amended or modified from time to time by Tenant in its discretion, except that any amendments or modifications that constitute a Major Change shall be subject to the approval of Landlord (such approval not to be unreasonably withheld, delayed or conditioned). Without limitation on the foregoing, the Marketing Plan need not address any other aspect of Project, including the terms and conditions of specific dispositions of property to end users or the uses or programming of specific parcels.

“Material Adverse Change” means any of the following events: (a) a voluntary or involuntary bankruptcy of Tenant (which is not dismissed within ninety (90) days of institution); or (b) a court order placing Tenant under receivership.

“Memorandum of Master Ground Lease” refers to the Memorandum of Master Ground Lease to be recorded against the Property in the Official Records, as described in Section 1.4, in the form attached hereto as Exhibit B and incorporated herein by reference.

“Mortgage” means a mortgage or deed of trust encumbering this Lease.

“Mortgagee” has the meaning set forth in Section 18.1 of this Lease.

“Net Cash Flow” has the meaning set forth therefor in Schedule 1.

“Notice of Intended Taking” means any notice or notification on which a reasonably prudent person would rely and which said person would interpret as expressing an existing intention of Taking as distinguished from a mere preliminary inquiry or proposal. It includes, without limitation, the service of a condemnation summons and complaint on a party to this Lease. The notice is considered to have been received when a party to this Lease receives from the condemning agency or entity a notice of intent to take, in writing, containing a description or map of the taking which reasonably defines the extent of the taking.

“Official Records”, unless the context requires otherwise, means the Official Records of the County Recorder of Orange County, California.

“Partial Taking” means any Taking of Property that does not constitute a Total Taking or Substantial Taking.

“Parties” means Landlord and Tenant, collectively.

“Percentage Rent” is described in Schedule 1 attached hereto and incorporated herein by reference.

“Permitted Transfer” is defined in Section 17.1.1.

“Person” means an individual or an Entity.

“Personal Property” means all right, title and interest of Landlord in and to all tangible personal property now or hereafter located on or used in connection with all or any portion of the Real Property.

“Personalty” means Tenant’s or its subtenants’ trade fixtures, furniture, equipment, appliances, machinery, movable partitions, signs, inventory and other personal property located in or on the Property.

“Proceeding” means any action, litigation, arbitration, mediation, reference, condemnation, stay, moratoria, judicial challenge or other proceeding.

“Project” is defined in Section 1.2.

“Project Costs” has the meaning set forth therefor in Schedule 1 hereto.

“Property” means, collectively, the Real Property, the Personal Property and the Intangible Property. Once any portion of the Property is conveyed or transferred from time to time as permitted under this Lease, it shall no longer be deemed to be part of the “Property” under this Lease, and the term “Property” shall thereafter only mean the remaining Property, if any.

“Property Litigation” means any current or future Proceeding, where Landlord and/or Tenant is a party or party-in-interest, filed, pending or threatened prior to Tenant’s receipt of the Master Development Plan challenging any of the transactions contemplated by this Lease or any of the terms of such transactions, Landlord’s or Tenant’s authority or ability to enter into or perform under this Lease, or Tenant’s rights to receive the rights, benefits and privileges under this Lease, which Tenant reasonably determines that if such Proceeding were adversely determined would materially hinder or have a material, adverse effect on, or materially delay, this Lease or the Project. Without limitation on the foregoing, Property Litigation includes the Existing Litigation. Property Litigation shall not include any Proceeding with respect to approval of the Entitlements or litigation solely by or against Santa Ana with respect to the Property and/or the approval of the Project.

“Proposed Transfer Audit Notice” is defined in Section 4.3.1.

“Real Property” means, collectively, the Land, Appurtenances, and Improvements.

“Real Property Taxes” is defined in Section 4.5.4.

“Refinance” or **“Refinancing”** means the refinance or refinancing of the any Mortgage that encumbers Tenant’s leasehold interest.

“Related Person” means Tenant, any Affiliate, or any other entity in which Tenant or an Affiliate holds an interest of greater than fifty percent (50%).

“Remaining Parcel” means the portion of the Property that does not constitute the Sale Parcel.

“Rent” means the Base Rent, the Percentage Rent, and the Additional Rent, collectively.

“Sale” means a sale of all or any portion of the Property.

“Sale Parcel(s)” means one or more parcels of Land consisting of up to approximately thirty (30) acres (in the aggregate), to be identified by Tenant from time to time.

“Santa Ana” means the City of Santa Ana, a charter city and municipal corporation.

“Substandard Conduct” means, with respect to a Person, any act or omission by such Person constituting negligence or willful misconduct.

“Substantial Damage” means any fire or other casualty that materially interferes with Tenant’s contemplated development of the Project with respect to any one or more parcels, as reasonably determined by Tenant.

“Substantial Taking” means any Taking that materially interferes with Tenant’s contemplated development of the Project with respect to any one or more parcels, as reasonably determined by Tenant.

“Taking” means a taking or damaging, including severance damage, by eminent domain or by inverse condemnation or for any public or quasi-public use under any statute. The taking may occur as a result of a transfer pursuant to the recording of a final order in condemnation, a voluntary transfer or conveyance to the taking authority under threat of condemnation, or a transfer while condemnation proceedings are pending. Unless otherwise provided, the taking shall be deemed to occur as of the earlier of (a) the date actual physical possession is taken by the condemnor, or (b) the date on which the right to compensation and damages accrues under the law applicable to the Property and/or the Improvements. “Taking” does not include the voluntary dedication by Tenant of any portion of the Property necessary to obtain building permits or to comply with any other applicable governmental rule, regulation or statute.

“Taking Percentage” means a fraction, expressed as a percentage, the numerator of which is equal to the fair market value of the interest of Landlord (i.e., Landlord’s fee interest in the Land (or portion thereof subject to the Taking) as encumbered by this Lease and Landlord’s reversionary interest in the Land and then existing Improvements (or portion thereof subject to the Taking)) or Tenant (i.e., Tenant’s leasehold interest in the Property (or portion thereof subject to the taking) and Tenant’s interest in the then-existing Improvements (or portion thereof subject to the taking)),

as applicable, being taken calculated as of the time thereof, and the denominator of which is equal to the fair market value of such interest plus the fair market value of the interest of Tenant (i.e., Tenant's leasehold interest in the Property and Tenant's interest in the then-existing Improvements, taking into account the future value of any sales contemplated hereby), as of the date of the Taking.

"Temporary Taking" means a Taking of all or any part of the Property and/or the Improvements for a term that is certain which term is specified at the time of taking. Temporary Taking does not include a taking which is to last for an indefinite period of time or a taking which will terminate only upon the happening of a specified event unless it can be determined at the time of such taking substantially when such event will occur. If a taking for an indefinite term should take place, it shall be treated as a Total Taking, Substantial Taking or Partial Taking in accordance with the definitions set forth herein.

"Tenant's Actual Knowledge" means the actual knowledge of Peter Lauener, with no duty of investigation or inquiry of any kind or nature whatsoever, and there shall be no personal liability arising out of the representations or warranties made herein.

"Term" has the meaning set forth in Article 3 of this Lease.

"Total Taking" means the Taking of all of the Property.

"Transfer" is defined in Section 17.1.

"Willowick Golf Course" is defined in Recital C.

ARTICLE 3 TERM.

3.1 Term. The term of this Lease (**"Term"**) shall be fifty-five (55) years and shall commence on the Commencement Date and shall end at 11:59 p.m. on the day immediately preceding the fifty-fifth (55th) anniversary of the Commencement Date, unless earlier terminated pursuant to this Lease.

3.2 Certain Time Extensions. Tenant may, at its option, extend the Master Development Plan Deadline, as follows:

3.2.1 If Tenant is not then in Default under this Lease, then Tenant may extend the Master Development Plan Deadline for a period of one (1) year by delivering to Landlord, prior to the then Master Development Plan Deadline, a payment of Five Hundred Thousand Dollars (\$500,000.00) (the **"First Extension Base Rent Payment"**), which shall become part of and constitute Base Rent.

3.2.2 If Tenant is not then in Default under this Lease, and has previously exercised its right to extend pursuant to Section 3.2.1 above, Tenant may further extend the Master Development Plan Deadline for a period of one (1) additional year by delivering to Landlord, prior to the then Master Development Plan Deadline, a payment of Five Hundred Thousand Dollars

(\$500,000.00) (the “**Second Extension Base Rent Payment**”), which shall become part of and constitute Base Rent.

3.3 Termination. In the event Tenant fails to receive the Master Development Plan by the Master Development Plan Deadline, each party shall have the right, as its sole and exclusive remedy at law or in equity, to elect to terminate this Lease by delivering written notice to the other of its election to terminate this Lease pursuant to this Section 3.3 prior to the earlier to occur of (a) the date that is one (1) business day prior to the date that Tenant actually receives the Master Development Plan, or (b) the date that is ninety (90) days after the Master Development Plan Deadline, in which case (i) this Lease, and the obligations of the parties hereunder, shall terminate, (ii) Tenant shall be responsible, at Tenant’s sole cost and expense, for delivering the Property to Landlord with title in the condition required by Section 5.4.1, and (iii) Landlord shall be entitled to keep the Base Rent. For the avoidance of doubt, Tenant has not made (and is not making) any assurances or representations concerning the Entitlements or its ability to receive the Master Development Plan by the Master Development Plan Deadline, and any failure by Tenant to receive the Master Development Plan by the Master Development Plan Deadline shall not be deemed to be a Breach or Default by Tenant of this Lease. Notwithstanding the foregoing, any cure by a Mortgagee of a failure to receive the Master Development Plan by the Master Development Plan Deadline shall be subject to the additional cure period afforded to Mortgagees pursuant to Section 18.2.1, and no termination of this Lease by Landlord may occur until after such additional cure period elapsed and in no event shall such termination by Landlord occur if Mortgagee receives the Master Development Plan within such additional cure period. Landlord shall, whenever and as often as it shall be requested so to do by Tenant, cooperate with, and as requested by, Tenant (and, if requested by Tenant, any governmental agency, including Santa Ana), in connection with Tenant’s pursuit of the Entitlements, and shall promptly execute and deliver (or cause to be executed and delivered), without further consideration, all such additional agreements, consents, affidavits, subordinations, assignments, easements, covenants, licenses, endorsements, plats and conveyance and other documents as determined by Tenant to be required, in connection with the Entitlements.

ARTICLE 4 RENT.

4.1 Rent.

4.1.1 Base Rent. Prior to or concurrently with the Commencement Date, Tenant has paid to Landlord an amount equal to Two Million Dollars (\$2,000,000.00) (the “**Initial Base Rent Payment**”; the Initial Base Rent Payment, together with, if and to the extent applicable, Extension Base Rent Payment(s), are collectively herein called the “**Base Rent**”).

4.1.2 Percentage Rent. In addition to Base Rent, Tenant shall pay to Landlord an amount equal to the Percentage Rent in accordance with Schedule 1.

4.1.3 Additional Rent. In addition to the Base Rent and Percentage Rent required by Sections 4.1.1 and 4.1.2 above, respectively, Tenant shall also pay to Landlord as “Additional Rent” under this Lease any amounts required to be paid by Tenant to Landlord pursuant to Section 20.2.

It is the intent of the parties hereto that the rent provided herein shall be absolutely net to Landlord and that, subject to the provisions of this Lease and the Assignment and Assumption of Management Agreement, Tenant shall pay all costs, taxes, charges, and expenses of every kind and nature against the Property or the Improvements thereon which may arise or become due during the Term, and which, except for execution hereof, would or could have been payable by Landlord. The Base Rent, Percentage Rent, the Additional Rent, and, except as set forth in Section 3.2 with respect to the Extension Base Rent Payment(s) (if any), shall be retained by Landlord as its property without regard to whether this Lease remains in effect for the full Term.

4.2 Payment of Rent. All Rent that becomes due and payable pursuant to this Lease shall be paid to Landlord at the address listed in Section 25.1.1 or such other address as Landlord may from time to time designate by written Notice to Tenant.

4.3 Audit.

4.3.1 Right to Audit. Tenant shall keep full and accurate books of account, records and other pertinent data with respect to Tenant's calculation of Gross Revenue, Net Cash Flow and such other matters as are set forth in Schedule 1. Such books of account, records, and other pertinent data shall be kept for a period of three (3) years after the end of each calendar year, and (except for Excluded Materials) shall be made available for review or audit by Landlord or its designees upon providing ten (10) days' written notification to Tenant (but no more frequently than once in any twelve (12) month period). Landlord shall be entitled within three (3) years after the end of each Tenant fiscal year to inspect and examine all of Tenant's books of account, records, and other pertinent data with respect to Tenant's calculation of Gross Revenue, Net Cash Flow and such other matters as are set forth in Schedule 1 (except for Excluded Materials), upon providing ten (10) days' written notification to Tenant (but no more frequently than once in any twelve (12) month period). Tenant shall reasonably cooperate fully with Landlord in making the inspection. Landlord shall also be entitled, also within three (3) years after the end of each calendar year, at Landlord's cost and expense, to an independent audit of Tenant's books of account, records, and other pertinent data with respect to Tenant's calculation of Gross Revenue (except for Excluded Materials), upon providing ten (10) days' written notification to Tenant (but no more frequently than once in any twelve (12) month period). In the event a Transfer is proposed by Tenant, Tenant may request in writing that Landlord conduct an audit pursuant to this Section, provided that Tenant shall pay Landlord's reasonable costs and expenses, including staff time, incurred in conducting such audit. Landlord shall determine whether to conduct such audit in its sole and absolute discretion and shall notify Tenant of Landlord's decision within thirty (30) days following receipt of Tenant's written request ("**Proposed Transfer Audit Notice**"). If Landlord elects to conduct an audit under this Section, Landlord shall have ninety (90) days to complete the audit; provided that such time period shall not commence until Tenant provides Landlord with all materials and information necessary to properly conduct the audit (except for Excluded Materials). Following the earlier to occur of (a) Landlord's failure to notify Tenant in writing of Landlord's election to conduct such audit within thirty (30) days of Landlord's receipt of the Proposed Transfer Audit Notice, (b) the expiration of ninety (90) days following Landlord's receipt of the Proposed Transfer Audit Notice, as such period shall be extended until Tenant provides Landlord with all materials and information necessary to properly conduct the audit, or (c) Landlord's notification to Tenant within thirty (30) days of Landlord's receipt of the Proposed Transfer Audit Notice that Landlord waives its right to conduct the audit, Landlord shall not have the right to

request books of account, records and other pertinent data under this Section for periods (i) prior to the date of the audit, if conducted by Landlord, and if no audit is performed, then (ii) prior to the effective date of the approved Transfer. Following the date of the audit or the effective date of the approved Transfer, as applicable, Landlord shall have full audit rights under this Section with respect to the then-current Tenant entity's books of account, records and other pertinent data with respect to Tenant's calculation of Gross Revenue (except for Excluded Materials).

4.3.2 Confidential Treatment. The Parties understand that all books of account, records, other pertinent data, and other information and documents (including financial information and statements and investor names) delivered, disclosed or otherwise made available to Landlord or any other Landlord Related Person hereunder shall be kept confidential, constitute “trade secrets” as that term is defined in Civil Code section 3426.1(d), and are exempt by law from disclosure to third parties (“**Confidential Treatment**”). Tenant does not waive the confidentiality of any such information or documents by providing Landlord or any other Landlord Related Person original or copies of, or access to, the same. If Landlord is served with a public records request, subpoena, or other legal process concerning such information or documents, Landlord shall immediately (and in no event more than 72 hours after receipt) notify Tenant in writing of the same (together with a copy of such request, subpoena, or other legal process), and, at Tenant's request, Landlord shall object to any such disclosure request. At its election, Tenant may contest the legal validity of such request, subpoena, or other legal process, at its own cost, and Landlord shall reasonably cooperate with Tenant in connection with the same, at no cost to Landlord, provided Tenant shall indemnify and defend, with counsel mutually and reasonably acceptable to Landlord and Tenant, Landlord from all reasonable costs and expenses, including reasonable attorney's fees, related to any such contest by Tenant. Landlord hereby agrees that Tenant shall, acting reasonably, control and make all decisions with respect to such contest of the legal validity of any such request, subpoena, or other legal process or any Proceeding in connection therewith in which Tenant is so indemnifying and defending Landlord. Without limitation on the foregoing, Landlord agrees that (i) all audits are to be conducted at the offices of Tenant and any information and documents delivered, disclosed or otherwise made available to Landlord or any other Landlord Related Person in connection with any such audit shall be afforded Confidential Treatment, (ii) any reporting of such information to Landlord or among the Landlord Related Parties shall be done in a manner that includes Confidential Treatment, (iii) Landlord shall not (and shall cause each other Landlord Related Person not to) disseminate any such information or documents or cause any such information or documents to be reposed in the offices of Landlord, and (iv) any such information or documents that, despite the foregoing provisions of this Section 4.3.2, do not constitute “trade secrets,” shall not be removed from the offices of Tenant or included by Landlord, the Landlord Related Persons or their respective employees, consultants or audit personnel in any document or report.

4.3.3 After Foreclosure. After the foreclosure of a Mortgage, acceptance by a Mortgagee of an assignment or deed in lieu of foreclosure, or appointment of a receiver at the request or demand of a Mortgagee, the Mortgagee shall have no obligation to produce Tenant's books and records for the periods prior to the foreclosure or appointment of the receiver.

4.4 Utility Services. Tenant shall pay or cause to be paid all charges for all public utility services rendered to or in connection with the Property or the Improvements, or any part thereof, and shall comply with all contracts executed by Tenant relating to any such utility services,

and will do all other things required for the maintenance and continuance of all such services throughout the Term of this Lease.

4.5 Taxes and Assessments.

4.5.1 Covenant to Pay Taxes and Assessments. Tenant shall pay prior to delinquency all Real Property Taxes (as defined in Section 4.5.4) levied against Tenant's ground lease interest in the Property during the Term of this Lease, subject to Tenant's right to contest same in good faith and/or seek any property tax exemptions, except as provided in Section 4.5.3. Tenant shall promptly furnish Landlord with satisfactory evidence that such taxes have been paid or that an exemption from such taxes has been obtained. If Tenant shall fail to pay any such taxes, Landlord shall have the right to pay the same, in which case Tenant shall repay such amount to Landlord within ten (10) days after demand from Landlord together with interest at the rate set forth in Section 4.6, as Additional Rent. Landlord shall not cause or approve the Property or any portion thereof to be subject to additional taxes or assessments without Tenant's written consent.

4.5.2 Notice of Possessory Interest; Payment of Taxes and Assessments on Value of Property. In accordance with California Revenue and Taxation Code Section 107.6(a), Landlord hereby notifies Tenant that by entering into this Lease, a possessory interest subject to assessment and collection of real property taxes may be created. Tenant or other party in whom the possessory interest is vested may be subject to the payment of real property taxes levied on such interest. If possessory interest taxes are assessed, Tenant agrees it is responsible for payment thereof and Landlord has no obligation or liability of any kind or nature relating to payment of property taxes. Tenant acknowledges that Landlord is a tax-exempt public entity and no property taxes will be or are legally assessable against its interest in the Property.

In addition, Tenant shall pay all property taxes and assessments levied against the fee interest of Landlord in the Property.

Notwithstanding the foregoing, in no event shall Tenant be responsible for Landlord's income taxes, profit taxes, business taxes, gross receipts taxes, business licenses fees and taxes, capital levy taxes, inheritance taxes, estate taxes, succession taxes, transfer taxes, recordation taxes, gift taxes, franchise taxes, corporation taxes, documentary stamp taxes, mortgage lien taxes, transfer gains taxes, or recording fees.

4.5.3 Tax Reductions. Tenant shall have the right to seek a reduction in the valuation of the Property (or any portion thereof, including the fee interest) assessed for tax purposes and to prosecute any action or proceeding in connection therewith. Tenant shall be authorized to collect any tax refund obtained by reason thereof and, to the extent such refund is for Real Property Taxes or other amounts paid by Tenant, to retain the same.

4.5.4 Definition of Real Property Tax(es). As used herein, the term "**Real Property Tax(es)**" shall include any form of real estate tax or assessment (including, without limitation, on possessory interests), general, special, ordinary or extraordinary, and any license fee (except Landlord's business license fee), commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income, or estate taxes) imposed on the Property or any interest (including, without limitation, possessory interests) therein by any authority having the

direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Landlord or Tenant in the Property or in the real property of which the Property is a part, as against Landlord's right to rent or other income therefrom, and as against Landlord's business of leasing the Property. The term "**Real Property Tax(es)**" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "Real Property Tax(es)," or (ii) the nature of which was hereinbefore included within the definition of "Real Property Tax(es)," or (iii) which is imposed as a result of a transfer, either partial or total, of Landlord's interest in the Property or which is added to a tax or charge hereinbefore included within the definition of real property tax by reason of such transfer, or (iv) which is imposed by reason of this lease transaction, any modifications or changes hereto, or any transfers hereof. Notwithstanding the foregoing, Real Property Tax(es) shall not include Landlord's income taxes, profit taxes, business taxes, gross receipts taxes, business licenses fees and taxes, capital levy taxes, inheritance taxes, estate taxes, succession taxes, transfer taxes, recordation taxes, gift taxes, franchise taxes, corporation taxes, documentary stamp taxes, mortgage lien taxes, transfer gains taxes, or recording fees.

4.5.5 Personal Property. Tenant shall pay prior to delinquency all taxes assessed against and levied upon all Personalty of Tenant contained in the Property. When possible, Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord.

4.5.6 Apportionment. If any of Tenant's said personal property shall be assessed with Landlord's real property (other than the Property), first Tenant shall advise the County of Orange Tax Assessor and Tax Collector of the same in writing, and Tenant shall pay Landlord the taxes attributable to Tenant not later than the later of (a) ten (10) days after receipt of a written statement setting forth the taxes applicable to Tenant's property or (b) the date said taxes are due and payable. Tenant shall only be responsible for any Real Property Tax(es) or other amounts payable by Tenant hereunder that are allocable to the period of time covered by the Term of this Lease.

4.6 Overdue Interest. Any amount due to Landlord, if not paid when due and on or before expiration of the period for cure as set forth herein, after Landlord's delivery of notice thereof to Tenant, shall bear interest from the date due until paid at the lower of: (a) the Wall Street Journal Prime Rate as published, in effect from time to time plus three percent (3%); or (b) the highest rate of interest allowed under applicable usury law.

ARTICLE 5 POSSESSION OF PROPERTY.

5.1 Acceptance of Property. Subject to "Landlord's Warranties" (as hereinafter defined), Tenant hereby accepts the Property in its "as-is" condition.

5.2 Intentionally Omitted.

5.3 Ownership of Improvements. Unless otherwise provided herein, during the Term of this Lease title to all Improvements, now existing, to be constructed, or later made, on the Property are and shall be vested in Tenant as set forth in Article 11 hereof.

5.4 Surrender of Property.

5.4.1 Expiration or Termination. Tenant agrees that on the expiration or earlier termination of the Term, whether by reason of Default or otherwise, the leasehold estate hereby granted to Tenant shall be terminated and forfeited and shall revert to Landlord, its successors and assigns, and all Improvements on the Property shall become the property of Landlord, its successors and assigns, free and clear from any liens or claims whatsoever (other than non-monetary liens previously approved or otherwise accepted in writing by Landlord and the “Permitted Encumbrances” (as hereinafter defined) and other encumbrances permitted by this Leases), in their “AS IS” condition, without further compensation therefor from Landlord to Tenant or any other person. Landlord shall be responsible for any Real Property Taxes, sales or use taxes, recordation taxes, transfer tax taxes, and any other taxes whatsoever arising from the Improvements or Property reverting to Landlord under this Section 5.4.1. Following any such expiration or termination, Tenant shall execute, acknowledge and deliver to Landlord a quitclaim deed, or other document required by a reputable title company, conveying all Tenant’s right, title, and interest in and to the Property and Improvements to Landlord.

5.4.2 Condition. On expiration or earlier termination of the Term and in furtherance of the provisions relating to surrender of the Property set forth in Section 5.4.1 above, Tenant shall peaceably and quietly leave and surrender the Property and the Improvements to Landlord in their “AS IS” condition and repair. Tenant shall leave in place and in their “AS IS” condition and repair, all fixtures and machinery; except Tenant shall have the right to remove any Personalty and other Personalty that Tenant shall have installed in accordance with Section 11.1.2, in which case Tenant shall repair any damage to the Property or Improvements caused by such removal.

5.4.3 Delivery of Documents. Contemporaneously with the expiration or earlier termination of the Term and subject to the provisions of Sections 5.4.1 and 5.4.2 hereof, Tenant shall immediately deliver to Landlord the following (without any representation or warranty):

(a) Such documents, instruments and conveyances as Landlord may reasonably request to enable Landlord’s ownership of the Property to be reflected of record, including a quitclaim deed in recordable form to the Property.

(b) All construction plans, as-builts, surveys, permits, existing contracts for services, maintenance, operation, and any other documents relating to use, operation, management, and maintenance of the Improvements as may be in effect and in the possession of Tenant at the time and from time to time thereafter and further described in Section 7.6.

(c) All documents and instruments required to be delivered by Tenant to Landlord pursuant to this Section shall be the originals or copies of the same then in Tenant’s possession.

Notwithstanding the foregoing, or anything to the contrary contained herein, in no event shall Tenant be obligated to deliver any “**Excluded Materials**,” which as used herein, means (1) emails and (2) any proprietary, sensitive or confidential information, documents or negotiations, including: (a) documents that are subject to attorney-client privilege or that are attorney work product; (b) any document that Tenant is legally required not to disclose; (c) organizational, financial, employee, investor and other internal documents relating to Tenant or its future, present or prior, direct or indirect, owners or their respective Related Persons (other than any evidence of due authorization and organization required under this Lease) including, without limitation: (i) any materials relating to the background or financial condition of a future, present or prior, direct or indirect, partner, shareholder, member, director, officer, employee, investor or agent of Tenant or its future, present or prior, direct or indirect, owners or their respective Related Persons, (ii) the internal books and records of Tenant or its future, present or prior, direct or indirect, owners or their respective Related Persons relating, for example, to contributions and distributions, and (iii) financial analyses or projections (e.g., Tenant’s budgets, cost-basis information and capital account information); (d) preliminary or draft assessments, reports or studies, or assessments, reports or studies that have been superseded by final reports or studies, (e) offers, terms and agreements made to or received from third parties, and (f) any other information or documents disclosed, delivered or made available to Landlord or any other Landlord Related Person on a confidential basis.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES; MATERIAL ADVERSE CHANGE.

6.1 Landlord’s Representations. Landlord represents and warrants to Tenant, as of the Commencement Date, as follows:

6.1.1 Quiet Enjoyment. Tenant shall at all times during the Term of this Lease have the right to peacefully and quietly have, hold, occupy and enjoy the Property, subject only to the terms of this Lease, without interference, hindrance or molestation from Landlord or any other Person claiming by, through or under Landlord or any predecessor in title. Except as identified on Schedule 2 attached hereto (the “**Exception Schedule**”), there are no agreements, contracts, restrictions, covenants, encumbrances, easements or Entitlements affecting the Property or the Project.

6.1.2 Conflict with Other Obligations. Neither the execution of this Lease nor the Memorandum of Master Ground Lease, nor the performance of the obligations herein will conflict with, or breach any of the provisions of any law, bond, note, evidence of indebtedness, contract, lease, covenants, conditions and restrictions, or other agreement or instrument to which Landlord or the Property may be bound.

6.1.3 Authority. This Lease has been duly approved by the governing board of Landlord and the individuals executing this Lease on behalf of Landlord have been duly authorized to do so. Landlord has full power and authority to execute and deliver this Lease, the Memorandum of Master Ground Lease and all other documents or instruments executed and delivered, or to be executed and delivered, by Landlord pursuant to this Lease, and to perform and observe the terms and provisions of all of the above. This Lease and any other documents or instruments which have been executed and delivered pursuant to or in connection with this Lease

constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Landlord enforceable against it in accordance with their respective terms, subject to application of laws relating to bankruptcy, insolvency, or other laws affecting the enforcement generally of creditors' rights and remedies.

6.1.4 Bankruptcy. Landlord is not the subject of a bankruptcy proceeding, and permission of a bankruptcy court is not necessary for Landlord to be able to transfer an interest in the Property.

6.1.5 Litigation. Except as described in Section 6.2.7, Landlord has not been served with any notice of any Proceeding, and Landlord has not received any other written notice of any pending or threatened Proceeding, of any kind against or involving Landlord relating to the Property or any part thereof, including any condemnation action relating to the Property or any part thereof.

6.1.6 Governmental Compliance. Except as disclosed in the Exception Schedule, to Landlord's Actual Knowledge, Landlord has not received any notice from any governmental agency or authority alleging that any portion of the Property is currently in violation of any law, ordinance, rule, regulation or requirement applicable to its use and operation and the Property is currently in compliance with all applicable Governmental Requirements. Landlord has not been served with any notice of any (and Landlord has not received other written notice from any applicable governmental authority of any pending or threatened) condemnation action with respect to the Property.

6.1.7 Right to Possession. Except as identified on the Exception Schedule, no Person has or will have the right to possess the Property, or any portion of it, as of the Commencement Date.

6.1.8 No Commitments. Landlord has not made any commitments to any governmental authority, utility company, school board, church or other religious body, or any homeowners' association or any other organization, group or individual, relating to the Property that would impose an obligation upon Tenant to make any contribution or dedication of money or land or to construct, install or maintain any improvements of a public or private nature on or off of the Property which, as of the Commencement Date, will not have been satisfied in full or terminated.

6.1.9 Outstanding Agreements. There are no outstanding agreements (written or oral) pursuant to which Landlord has agreed to sell or has granted an option or right of first refusal or first or last offer to lease all or any portion of the Property or any interest therein (other than as contained in this Lease).

6.1.10 Management Agreement. Landlord has delivered to Tenant a true, correct and complete copy of the Management Agreement. The Management Agreement is in full force and effect, has not been amended, modified, supplemented or terminated, and is free from default. There are no written or oral modifications or understandings or other agreements between any one or more of BCG or its Affiliates, on the one hand, and any one or more of any Landlord or any other Landlord Related Person, on the other hand. Landlord is the holder of all right, title and

interest to the interest of “Owner” under the Management Agreement, free and clear of liens, encumbrance or other rights of any direct parties. The current approved budget under the Management Agreement is attached hereto as Schedule 3.

6.1.11 Environmental. (i) To Landlord’s Actual Knowledge, there are no current or potential violations of Environmental Laws applicable to the Property or the ownership, use or occupancy thereof, and there have been no violations of any such laws, (ii) Landlord has not violated Environmental Laws applicable to the Property; (iii) there are no pending or, to Landlord’s Actual Knowledge, threatened actions arising under or pursuant to any Environmental Laws with respect to or affecting the Property, (iv) To Landlord’s Actual Knowledge: other than Hazardous Materials used as fuels, lubricants or otherwise in connection with vehicles, machinery and equipment located at the Property in commercially reasonable amounts in compliance with Environmental Laws, no Hazardous Materials are or have been present on or in the Property or any portion thereof, and the Hazardous Materials described in the foregoing clause have been and are being used and disposed of in compliance with all Environmental Laws, and (v) To Landlord’s Actual Knowledge, there are no underground or aboveground storage tanks, asbestos or PCBs located on, in or under the Property. Other than as disclosed in the Exception Schedule, Landlord does not have any other reports relating to the environmental matters pertaining to the Property, the possession or control of Landlord or any other Landlord Related Person.

6.1.12 Other Agreements. Except for the “Memorandum of Understanding” and the “Agreement to Explore Redevelopment” (as such terms are hereinafter defined), there are no agreements between or among any one or more of Landlord and any other Landlord Persons, on the one hand, and Santa Ana, on the other hand, respecting the Property. As used herein, (a) “**Memorandum of Understanding**” means that certain Memorandum of Understanding Between City of Santa Ana and City of Garden Grove, stamped with a date of November 30, 2017, and (b) “**Agreement to Explore Redevelopment**” means that certain Agreement Between City of Santa Ana and City of Garden Grove to Explore the Redevelopment of the Willowick Golf Course Site in the City of Santa Ana, stamped with a date of May 25, 2018.

6.1.13 Full Disclosure. Prior to the Effective Date, to Landlord’s Actual Knowledge, Landlord has delivered to Tenant all documents and materials, and has disclosed in writing to Tenant all information, which in either case, is known by, or in the possession or control of, Landlord in respect of the Property of the type that would be material to an institutional tenant in connection with the transactions contemplated by this Lease.

6.1.14 Survival of Certain Representations. The representations and warranties set forth in this Section 6.1 shall survive the Commencement Date. During the entire Term of this Lease, within ten (10) business days following a written request from Tenant, Landlord shall either re-affirm in writing the material truth and accuracy of the representations and warranties set forth in this Section 6.1 or identify any material inaccuracies of such representations and warranties. The fact that a representation or warranty contained in this Section 6.1 has become inaccurate or misleading shall not, in and of itself, constitute a Breach under this Lease by Landlord, however, (a) failure to notify Tenant of material inaccuracies in these representations and warranties within ten (10) business days of Tenant’s request for such information, subject to delivery of notice and expiration of the cure period provided hereunder, and (b) any overt material misrepresentation by

Landlord relating to such representations and warranties (without notice or opportunity to cure having been provided by Tenant) shall each constitute a Landlord Default hereunder.

6.2 Tenant's Representations. Tenant represents and warrants to Landlord, as of the Commencement Date, as follows:

6.2.1 Tenant is a limited liability company duly organized, validly existing, and formed under the laws of Delaware, and in good standing under the laws of the State of California that has the power and authority to own property and carry on business as is now being conducted.

6.2.2 Tenant has full power and authority to execute and deliver this Lease, the Memorandum of Master Ground Lease and all other documents or instruments executed and delivered, or to be executed and delivered, by Tenant pursuant to this Lease, and to perform and observe the terms and provisions of all of the above.

6.2.3 This Lease and any other documents or instruments which have been executed and delivered pursuant to or in connection with this Lease constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Tenant enforceable against it in accordance with their respective terms, subject to application of laws relating to bankruptcy, insolvency, or other laws affecting the enforcement generally of creditors' rights and remedies.

6.2.4 To Tenant's Actual Knowledge, Tenant is not in default under any law or regulation or under any order of any federal, state, or local court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to Tenant's Actual Knowledge, threatened against or affecting Tenant or the Property, at law or in equity, before or by any federal, state, or local court, board, commission or agency whatsoever which might, if determined adversely to Tenant, materially affect Tenant's ability to perform its obligations hereunder.

6.2.5 Tenant has examined the Property and acknowledges that it hereby accepts possession of the Property in its "AS IS" condition, with all faults and defects, including, without limitation, any physical condition or environmental condition of the Property. Tenant acknowledges that the land entitlement authority with respect to the Property is Santa Ana, and, subject to Landlord's Warranties, Landlord has made no assurances or representations concerning the availability, nature, or scope of Entitlements that may be given by Santa Ana or the conditions that may be imposed by Santa Ana in connection therewith. The foregoing provisions of this Section 6.2.5 shall not relieve Landlord from, nor limit, waive, release or negate, its representations, warranties, covenants, indemnities, and agreements set forth in this Lease (collectively, the "**Landlord's Warranties**") or any remedy in connection with a breach thereof.

6.2.6 [Intentionally omitted.]

6.2.7 Landlord has disclosed to Tenant, and Tenant is aware, that there is currently pending litigation (the "**Existing Litigation**") against Landlord affecting the Property, entitled Orange County Communities Organized for Responsible Development v. City of Garden Grove, et. al., Orange County Superior Court Case No. 30-2019-01102770. Tenant is aware of said litigation and that interim and/or final judgments or orders arising out of said litigation could

affect the Property and/or the validity of this Lease, and acknowledges that, subject to Section 6.1.5, Landlord has made no assurances or representations concerning the litigation or outcome of the litigation; provided, however, Tenant shall have the ongoing right to terminate this Lease by giving written notice of such termination to Landlord in connection with any adverse developments, decisions or outcomes with respect to the Existing Litigation or to new instances of Property Litigation, as reasonably determined by Tenant, in which case (i) this Lease, and the obligations of the parties hereunder, shall terminate (except as provided in clause (ii) of this Section), and (ii) Landlord shall, within five (5) business days thereof, as Tenant's sole and exclusive remedy, return to Tenant the Base Rent (less the "Base Rent Independent Consideration" (as hereinafter defined)). The foregoing provisions of this Section 6.2.7 shall not relieve Landlord from, nor limit, waive, release or negate, any of Landlord's Warranties (or any remedy in connection with a breach thereof). Notwithstanding anything to the contrary contained herein, Landlord shall in all events be entitled to retain \$200,000 (the "**Base Rent Independent Consideration**") of the Initial Base Rent Payment. The Base Rent Independent Consideration constitutes rent hereunder and, together with all amounts expended by Tenant in connection with this Lease and the Project, including its costs and other pre-development expenses incurred by Tenant, constitutes bargained-for consideration for this Lease, including Tenant's rights under this Section 6.2.7.

6.2.8 Survival of Certain Representations. The representations and warranties set forth in this Section 6.2 shall survive the Commencement Date during the Term of this Lease.

ARTICLE 7 CONSTRUCTION OF THE IMPROVEMENTS.

7.1 Construction of Improvements. Tenant shall use commercially reasonable efforts to commence and complete construction of the Improvements in accordance with applicable Governmental Requirements and to conduct any Sales of the Sale Parcels and Parcel Ground Leases of the Remaining Parcels in accordance with the Marketing Plan.

Tenant shall carry out the design, construction and operation of the Improvements in conformity with all applicable Governmental Requirements, including all applicable state labor standards (including the Local Code and any other zoning and development standards, building, plumbing, mechanical and electrical codes that are applicable, and all other provisions of the Local Code, and the Fair Housing Act, 42 U.S.C. Section 3601 *et seq.* (and 24 C.F.R. Part 100), the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*, and the California Building Standards Code, Health and Safety Code Section 18900, *et seq.*).

7.2 Alterations. Subject to obtaining the applicable Entitlements, to the extent required therefor, Tenant may from time to time, at its sole expense, demolish, replace, rebuild and make any improvements, additions and other alterations to the Property (collectively, "**Alterations**") which Tenant determines to be necessary, desirable or beneficial, including constructing any buildings or other improvements on the Property, and razing or destroying any building and any other improvements presently or in the future located on the Property. The responsibility of Tenant in relation to Alterations or otherwise with respect to any land or other

property conveyed that constitutes a Permitted Transfer shall cease upon the payment to Landlord of an amount hereafter reasonably approved by Landlord.

7.3 Construction Cost. Tenant shall bear the entire and sole cost of constructing the Alterations, including all fees and mitigation measures.

7.4 Diligent Prosecution to Completion. Once Tenant, at its election, commences the construction of any Alterations, Tenant shall, with reasonable diligence, prosecute such Alterations to completion. All Alterations shall be constructed and completed in a good and workmanlike manner and shall comply with this Lease and all applicable Governmental Requirements.

7.5 Right of Access. During normal construction hours and subject to the rights of subtenants of the Property, upon at least three (3) business days' prior written notice to Tenant, representatives of Landlord shall have the reasonable right of access to the Property without charges or fees for the purpose of inspecting the work of the Alterations; provided, however, that such representatives shall present and identify themselves at Tenant's construction office, be accompanied by a representative of Tenant while on the Property and obey Tenant's, or its contractor's, safety rules and regulations. Landlord shall deliver written notice of the identity of its representatives to Tenant before such representatives enter the Property. Landlord hereby indemnifies and holds Tenant, and its contractors, subcontractors, agents, representatives and employees, and the Property, harmless from and against any loss, cost, damage or liability, including, without limitation, attorneys' fees, which results from the exercise by Landlord, or any party acting under Landlord's authority, of the rights granted by this Section 7.5.

7.6 Master Development Plan; Governmental Approvals. Tenant shall consult with Landlord and receive Landlord's approval (which shall not be unreasonably withheld, conditioned or delayed) with respect to the proposed Master Development Plan and any Major Change thereto. Tenant covenants and agrees that it will endeavor to deliver to Landlord conformed copies (and certified copies of all recorded instruments) of all material governmental approvals of the primary Entitlements for the Project (which shall not include such materials for individual Alterations, the Sale Parcels or the Remaining Parcels), within sixty (60) days following each such respective governmental approval(s) issued by Santa Ana. In no event shall Tenant commence construction of any Alterations pursuant to the provisions of this Article 7 until such time as Tenant shall have obtained all necessary governmental approvals and permits to so commence to construct such Alterations.

7.7 Landlord's Right to Discharge Lien. If Tenant does not cause to be recorded the bond described in California Civil Code Section 8424 or otherwise protect the Property under any alternative or successor statute, and a final judgment has been entered against Tenant by a court of competent jurisdiction for the foreclosure of a mechanic's, materialmen's, contractor's, or subcontractor's lien claim, and if Tenant fails to stay the execution of the judgment by lawful means or to pay the judgment, Landlord shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any such judgment or lien or both. Tenant shall reimburse Landlord for all sums paid by Landlord under this Section, together with all Landlord's reasonable attorneys' fees and costs, plus interest on those sums, fees, and costs from the date of payment until the date of reimbursement at the rate set forth in Section 4.6.

7.8 Notice of Non-Responsibility. Tenant shall provide Landlord with prior written notice of not less than fifteen (15) days before commencing the initial vertical construction of the Project.

7.9 Provision of Information, Consultation with Landlord. Starting with the Commencement Date and continuing until the Master Development Plan is received, Tenant shall meet with City Manager and his or her designees during each Fiscal Quarter for the purpose of informing Landlord as to the progress of Tenant in performing under this Lease. Commencing as of the time the Master Development Plan is received, Tenant shall meet with City Manager and his or her designees annually. Additional consultation shall take place as mutually agreed upon by Landlord and Tenant.

ARTICLE 8 USE OF THE PROPERTY.

Tenant covenants and agrees for itself, its successors, assigns, and every successor in interest to Tenant's interest in the Property or any part thereof, that all activities undertaken by Tenant pursuant to this Lease, shall conform to all applicable Governmental Requirements. The foregoing covenants shall run with the land.

ARTICLE 9 INSURANCE AND INDEMNIFICATION.

9.1 Landlord Not Liable. Except as the result of any grossly negligent or willful act or omission by Landlord or any other Landlord Related Person, or as otherwise expressly set forth herein, Landlord, in its capacity as landlord under this Lease only, shall not be liable for injury to Tenant's business or any loss of income therefrom or for any damage or liability of any kind or for any injury to or death of persons or damage to property of Tenant, or to Tenant's sublessees of each and all of the Improvements, or to Tenant's agents, employees, servants, contractors, subtenants, licensees, concessionaires, customers or business invitees or any other Person which occurs on the Property during the Term.

9.2 Indemnification. Tenant shall defend, indemnify, pay for, assume all responsibility for, and hold the Landlord Related Persons harmless from, all third party claims or demands, and actual out-of-pocket damages, defense costs or liability of any kind or nature caused by the performance by Tenant or Tenant's employees, agents, contractors, and/or consultants under this Lease, including compliance with all applicable Governmental Requirements, and any damages to property or injuries to persons, including accidental death (including attorneys' fees and costs), which are caused by any acts or omissions of Tenant under this Lease, whether such activities or performance thereof be by Tenant or by anyone directly or indirectly employed or controlled by Tenant and whether such damage shall accrue or be discovered before or after termination of this Lease and arising prior to the expiration or earlier termination of the Term of this Lease. However, notwithstanding the foregoing, in no event shall the foregoing indemnity cover any matter arising or accruing or related to any Property Litigation or any action or omission by Landlord or any other Landlord Related Person which constitutes a breach of this Lease or Substandard Conduct. Tenant shall have the obligation to defend any such action; provided, however, that this obligation to defend shall not be effective if and to the extent that Tenant

determines in its reasonable discretion that such action is not meritorious or that the interests of the parties justify a compromise or a settlement of such action, in which case Tenant shall compromise or settle such action in a way that fully protects Landlord Related Persons from any liability or obligation. In this regard, Tenant's obligation and right to defend shall include the right to hire (subject to written reasonable approval by Landlord) attorneys and experts necessary to defend, the right to process and settle reasonable claims, the right to enter into reasonable settlement agreements and pay amounts as required by the terms of such settlement, and the right to pay any judgments assessed against Landlord Related Persons. If Tenant defends any such action, as set forth above, (i) Tenant shall indemnify and hold harmless Landlord Related Persons from and against any third party claims and actual out-of-pocket losses, damages or liabilities assessed or awarded against either of them by way of judgment, settlement, or stipulation and (ii) Landlord shall be entitled to settle any such claim only with the written consent of Tenant and any settlement without Tenant's consent shall release Tenant's obligations under this Section 9.2 with respect to such settled claim. This Section notwithstanding, indemnification with respect to Hazardous Materials shall be governed by Section 16.5 hereof.

9.3 Insurance.

9.3.1 Tenant's Insurance. Commencing as of the Effective Date and continuing for so long as this Lease remains in effect, Tenant shall maintain at Tenant's sole expense, or cause to be maintained, the following policies of insurance in form and substance reasonably satisfactory to Landlord:

(a) workers' compensation as required by law and employer's liability insurance with a limit of not less than \$1,000,000 per accident;

(b) prior to commencement of construction of the Improvements and at all times prior to completion of the Improvements, builder's risk-all risk insurance covering 100% of the replacement cost of all Improvements (including all materials, whether stored on or offsite) during the course of construction in the event of fire, lightning, windstorm, vandalism, malicious mischief and all other risks normally covered by "all risk" coverage policies in the area where the Property is located (including loss by flood if the Property is in an area designated as subject to the danger of flood);

(c) following completion of the Improvements, fire and hazard "all risk" (currently called "special form – causes of losses) insurance covering 100% of the replacement cost of the Improvements (excluding foundations, footings, excavations and other uninsurable improvements) in the event of fire, lightning, windstorm, vandalism, malicious mischief and all other risks normally covered by "all risk" coverage policies in the area where the Property is located and, if the Property is in an area designated as a Special Flood Zone, flood insurance with the maximum limits available under the NFIP program. Tenant shall have the right, but not the obligation, to maintain or caused to be maintained earthquake insurance; and

(d) a Commercial General Liability ("CGL") policy combined single limit policy for both personal injury and property damage in the amount of \$5,000,000, as the same may be increased as determined by Tenant. These limits may be satisfied through a combination

of primary, excess, and/or umbrella policies and which will be considered equivalent to the required minimum limits.

9.3.2 Insurance Requirements. All insurance required under Section 9.3.1 may be satisfied by blanket insurance policies. Certificates of insurance for the above policies shall be delivered to Landlord from time to time within 10 days after demand therefor. All policies insuring against damage to the Improvements shall contain an agreed value clause sufficient to eliminate any risk of co-insurance. Prior to the expiration of each policy, upon Landlord's written request in each instance, Tenant shall deliver to Landlord evidence of renewal or replacement of such policy reasonably satisfactory to the City Attorney. Coverage provided hereunder by Tenant shall be primary insurance and not be contributing with any insurance maintained by Landlord, and the policy shall contain such an endorsement. The above-described policies shall have a commercially reasonable deductible or self-insured retention amount. All policies shall be written by good and solvent insurers qualified to do business in California and shall have a policyholder's rating of A:VI or better in the most recent edition of "Best's Key Rating Guide -- Property and Casualty." The required certificate shall be furnished by Tenant at the time set forth herein.

9.3.3 Minimum Coverage/Endorsements. Notwithstanding any inconsistent statement in the policy or any subsequent endorsement attached hereto, the protection afforded by these policies shall be written on an occurrence basis in which Landlord (the "**Additional Insured**") is named as an additional insured on all coverage, except for (i) Workers' Compensation coverage, but including Employers Liability coverage, and (ii) the policies required under Section 9.3(b) and (c), and shall:

(a) Name the Additional Insured (from above) as an additional insured on the CGL policy;

(b) Include an endorsement to the CGL policy naming the Additional Insured as an additional insured, and said endorsement shall be delivered to Landlord prior to the Effective Date (and maintained as required herein); provided, however, that an individual endorsement specifically naming the Additional Insured shall not be required if Tenant provides documentation which demonstrates that the Additional Insured is otherwise automatically covered under some sort of blanket policy language that clearly establishes the Additional Insured's status as an additional insured under the policy, without the need for a separate endorsement in favor of the Additional Insured;

(c) Tenant shall also file with Landlord the following signed certification:

"Tenant is aware of, and will comply with, Section 3700 of the Labor Code, requiring every employer to be insured against liability of Workers' Compensation or to undertake self-insurance before commencing any of the work."

(d) All Additional Insureds shall not be responsible for any claims in law or equity occasioned by the failure of Tenant to comply with this Section 9.3.3. Landlord shall have the right, but not the obligation, to pay a premium on behalf of Tenant and be reimbursed by Tenant as Additional Rent.

(e) [Intentionally omitted].

(f) Notwithstanding any other provision of this Lease, any policy of property insurance procured pursuant to this Section 9.3 of this Lease may contain a mortgage loss payable clauses and any proceeds of a claim thereunder shall be paid over to Mortgagee (and if there is more than one Mortgagee, in the order of priority of their liens), to be applied against the indebtedness which Mortgagee's security instruments on the interest of Tenant in the Property secures. Furthermore, Mortgagee shall have the right to participate in the adjustment of any losses with respect to insurance proceeds, subject to the applicable provisions of the Mortgage and other documents that govern the loan secured by the Mortgage.

9.3.4 Reduction in Requirements. Landlord's City Manager is hereby authorized to reduce the requirements set forth herein, on a temporary or permanent basis, in the event he determines, in his sole discretion, that such reduction is in Landlord's best interest.

9.4 Contractors. All contractors employed by Tenant with contracts of Fifty Thousand Dollars (\$50,000.00) or more shall be required to furnish evidence of Commercial General Liability insurance to Tenant subject to all the requirements stated herein with limits of not less than One Million Dollars (\$1,000,000.00) each occurrence. The foregoing dollar amount limitation shall be increased as determined by Tenant. Landlord Related Persons shall have the right to receive evidence of compliance with the foregoing by contractors at any time upon written request therefor.

9.5 Waiver of Subrogation. Each policy of property insurance procured pursuant to Article 9 shall contain, if obtainable upon commercially reasonable terms, either (i) a waiver by the insurer of the right of subrogation against either party hereto for negligence of such party, or (ii) a statement that the insurance shall not be invalidated should any insured waive in writing prior to a loss any or all right of recovery against any party for loss accruing to the property described in the insurance policy. Notwithstanding anything to the contrary contained herein, each of the parties hereto waives any and all rights of recovery against the other, or against the officers, employees, agents and representatives of such other party, for loss or damage to such waiving party or its property or the property of others under its control, arising from any cause insured against under the form of insurance policies required to be carried pursuant to Article 9 of this Lease or under any other policy of insurance carried by such waiving party.

ARTICLE 10 MAINTENANCE OF THE PROPERTY.

10.1 General Maintenance by Tenant. Prior to the discontinuation of the existing golf course located on the Property, Tenant shall maintain or cause to be maintained the Property as a public golf course facility in conformity with the standard that exists as of the Effective Date. Upon Tenant's receipt of the Master Development Plan, and thereafter, Tenant shall cause the Property to be maintained in conformity with all applicable Governmental Requirements (the "**Maintenance Standard**"). To accomplish the maintenance, Tenant may, at its option, either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Lease; provided, however, Tenant shall

have the right to permit any subtenant of the Property to maintain or cause to be maintained any and all Improvements constructed by such subtenant or located on such subtenants' premises.

Landlord agrees to notify Tenant in writing if the condition of the Property does not meet with the Maintenance Standard and to specify the deficiencies and the actions required to be taken by Tenant to cure the deficiencies. Upon notification of any maintenance deficiency, Tenant shall have thirty (30) days within which to correct, remedy or cure the deficiency. If the written notification states the problem is urgent and material relating to the public health and safety, then Tenant shall have two (2) business days to rectify the problem. In the event Tenant does not maintain the Property in accordance with the Maintenance Standard, Landlord shall have, in addition to any other rights and remedies hereunder, the right to contract for the correction of such deficiencies, after written notice to Tenant and the applicable cure periods set forth herein, and Tenant shall be responsible for the payment of all such costs incurred by Landlord within thirty (30) days after Tenant's receipt of copies of contractor's invoices or other written evidence of the costs incurred by Landlord or such other evidence as Tenant may request.

10.2 Inspections of the Property. Landlord shall have the right (but not the obligation) to conduct annual inspections of the Property to confirm Tenant's compliance with Section 10.2. Landlord shall provide at least two (2) business days' written notice prior to entering onto the Property to conduct such inspection and/or evaluation, subject to the rights of the subtenants of the Property.

ARTICLE 11 OWNERSHIP OF AND RESPONSIBILITY FOR IMPROVEMENTS.

11.1 Ownership During Term.

11.1.1 Improvements. Subject to the provisions of Sections 5.4.1 and 5.4.2 hereof, all Improvements on the Property as permitted or required by this Lease shall, during the Term, be and remain the property of Tenant, and Landlord shall not have title thereto.

11.1.2 Personal Property. All Personalty, which are not so affixed to the Property or the buildings thereon as to require substantial damage to the buildings upon removal thereof (unless Tenant repairs such damage) shall constitute Personalty including, but not limited to: (a) functional items related to the everyday operations of the Property; (b) personal property furnishings, fixtures and equipment of the nature or type deemed by law as permanently resting upon or attached to the buildings or land by any means, including, without limitation, cement, plaster, nails, bolts or screws, or essential to the ordinary and convenient use of the Property and the Improvements. Any time during the Term and at termination thereof, Tenant shall have the right to remove any and all personal property, furnishings, fixtures and equipment that was originally delivered to or installed at the Property by Tenant after the Commencement Date; provided that Tenant shall repair any damage to the Property or the Improvements caused by such removal. In the event that Tenant has not removed its Personalty by the expiration of the Term, Landlord may, at its option, after thirty (30) days written notice to Tenant, remove, store, retain or dispose of the same in any manner that Landlord may see fit.

11.1.3 Lien Waivers. Landlord acknowledges and agrees that Tenant's and its subtenants' Personalty may be leased from an equipment lessor or encumbered by Tenant's or its subtenants' lender(s) ("Equipment Lessor") and that Tenant or its subtenant(s) may execute and enter into an equipment lease or security agreement with respect to such Personalty ("**Equipment Lease**"). If and to the extent required by any Equipment Lease or Equipment Lessor, Landlord shall execute and deliver to the Equipment Lessor a written consent or acknowledgment, in recordable form and in scope and substance reasonably satisfactory to both Landlord and such Equipment Lessor in which Landlord (a) acknowledges and agrees that the Personalty which is the subject of the Equipment Lease constitutes the personal property of Tenant, and shall not be considered to be part of the Property, regardless of whether or by what means they become attached thereto, (b) agrees that it shall not claim any interest in such Personalty, and (c) agrees that Equipment Lessor may enter the Property during the Term and during a period of thirty (30) days thereafter for the purpose of exercising any right it may have under the provisions of the Equipment Lease, including the right to remove such Personalty, provided that such Equipment Lessor agrees to repair any damage resulting from such removal. Such consent or acknowledgment documents shall also contain such other provisions as may be common in the equipment leasing or lending industry.

11.1.4 Basic Building Systems. For purposes of this Lease, the personal property, furnishings, fixtures and equipment described in this Section 11.1 shall not include those major building components or fixtures necessary for operation of the basic building systems such as, but not limited to, the elevators, plumbing, sanitary fixtures, heating and central air-cooling system.

11.2 Ownership at Expiration or Termination.

11.2.1 Property of Landlord. In accordance with provisions of Sections 5.4.1 and 5.4.2 hereof, and except as provided in Section 11.2.2, at the expiration or earlier termination of the Term, all Improvements which constitute or are a part of the Property shall become (without the payment of any compensation whatsoever to Tenant or to others) the property of Landlord free and clear of all liens, claims and encumbrances on such Improvements by Tenant, and anyone claiming under or through Tenant, except for Permitted Encumbrances and such title exceptions permitted or required during the Term with Landlord's prior written consent (such consent not to be unreasonably withheld, delayed or conditioned).

11.2.2 Removal by Tenant. Subject to the provisions of Section 5.4.2 hereof, within thirty (30) days following the expiration or earlier termination of the Term, Tenant may remove all personal property, furniture, equipment, and other Personalty.

11.2.3 Unremoved Property. Any personal property, furnishings or equipment which is owned by Tenant or a sublessee or subtenant of Tenant and not removed by Tenant pursuant to Section 11.2.2 hereof, shall, without compensation to Tenant, become Landlord's property, free and clear of all claims to or against them by Tenant or any third person, firm or entity arising by, through or under Tenant.

11.3 Waste. Subject to the alteration rights of Tenant and any damage or destruction or Taking of the Property or any part thereof, Tenant shall not commit active, intentional physical waste of the Property, or any part thereof. For the avoidance of doubt, the shutting down of the

Willowick Golf Course or the vacating of any Improvements in connection with the development of the Project shall not constitute “waste.”

11.4 Compliance with Laws. Tenant shall carry out the construction, operation, and management of the Project in conformity with all applicable federal, state and local laws, including, without limitation, all applicable state labor standards, zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of any governmental agencies having jurisdiction over development of the Property, and all applicable Governmental Requirements.

ARTICLE 12 CONTINUED GOLF COURSE OPERATION.

Tenant acknowledges that the Management Agreement is in effect as of the Effective Date, and that under the Management Agreement golf course operations are in effect as of the Effective Date. The golf course operations shall continue until at least such time as Tenant has received the Master Development Plan, or such earlier date as may be mutually agreed by the Parties. Tenant shall have the right at any time after Tenant’s receipt of the Master Development Plan to terminate or modify (in whole or in part), and otherwise act as the “Owner” under, the Management Agreement, including to discontinue golf course operations at the Property (in whole or in part). City shall not be responsible for payment of early termination fees, if any, payable under the Management Agreement as a result of any termination of the Management Agreement by Tenant.

ARTICLE 13 CASUALTY.

13.1 Damage or Destruction Due to Cause Required to be Covered by Insurance Covered by Insurance. Notwithstanding anything contained in this Lease to the contrary, Tenant shall have no obligation to restore any Improvements after a fire or other casualty. If Tenant elects not to restore all or any portion of the Improvements, then Tenant shall promptly raze such damaged Improvements and maintain such portion of the Property in a safe manner reasonably free of rubbish. Subject to Section 13.2 below, if the Project shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Tenant, and if Tenant elects to repair or reconstruct the Improvements, Tenant shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Project to substantially the same condition as the Project is required to be constructed pursuant to this Lease, if and to the extent the insurance proceeds are sufficient to cover the actual cost of repair, replacement, or restoration, and Tenant shall complete the same as soon as possible thereafter so that the Project can be occupied in accordance with this Lease. Following the completion of any such repair, replacement, or restoration (subject to the applicable provisions of the Mortgage and other documents that govern the loan secured by the Mortgage), any additional or excess insurance proceeds received by Tenant shall be the property of Tenant. Landlord shall cooperate with Tenant, at no expense to Landlord, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then existing laws of any other governmental agencies with jurisdiction over the Property do not permit the repair, replacement, or restoration, Tenant may elect not to repair, replace, or restore the Project by giving

notice to Landlord (in which event Tenant will be entitled to all insurance proceeds but Tenant shall be required to remove all debris from the applicable portion of the Property and, at Tenant's election, this Lease shall terminate) or Tenant may reconstruct such other improvements on the Property as are consistent with applicable Governmental Requirements and reasonably approved by Landlord. In the event the Improvements are destroyed within the last five (5) years of the Term, Tenant shall have the option to terminate this Lease upon written notice to Landlord. In such event, Tenant shall immediately tender possession of the Property to Landlord. Tenant shall have no obligation to pay any insurance proceeds to Landlord.

13.2 Damage or Destruction Due to Cause Not Required to be Covered by Insurance. If the Project is completely destroyed or suffers Substantial Damage caused by a casualty for which Tenant is not required to (and has not) insured against, or if insurance proceeds are insufficient to rebuild then Tenant may, at its option, terminate this Lease upon written notice to Landlord, such termination to be effective on the date specified in such notice, which date shall be no sooner than the date of the casualty nor later than one hundred eighty (180) days after the date of such notice. In such event, Tenant shall immediately tender possession of the Property to Landlord.

ARTICLE 14 COVENANTS.

14.1 Tenant covenants by and for itself and any successors in interest to all or any portion of the Property that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

14.2 Tenant shall refrain from restricting the rental, sale or lease of the Property any portion thereof on the basis of race, color, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) **In deeds:** "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection,

location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

(b) **In leases:** “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

‘That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.’”

14.3 Landlord shall, at its cost, use its best efforts to defend the Existing Litigation and any other Property Litigation to which it is a party in a way that protects the interests of the transactions contemplated by this Lease, and Landlord shall reasonably consult with Tenant regarding the same and take into account such suggestions as may be provided by Tenant from time to time with respect thereto, provided the foregoing shall not be construed as an indemnification of Tenant in such Property Litigation if Tenant is a party thereto.

ARTICLE 15 EMINENT DOMAIN.

15.1 Notice. The party receiving any notice of the kind specified in this Section 15.1 shall promptly give the other party notice of the receipt, contents and date of the notice received. For purposes of this Article 15, the term “Notice” shall include:

- (a) Notice of Intended Taking;
- (b) Service of any legal process relating to condemnation of the Property or the Improvements;
- (c) Notice in connection with any proceedings or negotiations with respect to such condemnation; or
- (d) Notice of intent or willingness to make or negotiate a private purchase, sale or transfer in lieu of condemnation.

15.2 Representation in Proceedings or Negotiations. Landlord and Tenant (and if applicable, Mortgagee) shall each have the right to represent their respective interests in each proceeding or negotiation with respect to a Taking or Intended Taking and to make full proof of their claims. Landlord and Tenant each agree to execute and deliver to the other any instruments which may be required to effectuate or facilitate the provisions of this Lease relating to

condemnation. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure.

15.3 Total Taking.

15.3.1 In the event of a Total Taking that occurs prior to Tenant's receipt of Master Development Plan or, if earlier, the Master Development Plan Deadline, all proceeds from a Total Taking shall be the sole property of Landlord.

15.3.2 In the event of a Total Taking, this Lease shall terminate as of the date of the Taking.

15.3.3 If this Lease is terminated pursuant to this Section 15.3 and such Total Taking occurs after the earlier to occur of Tenant's receipt of the Master Development Plan or the Master Development Plan Deadline, the Award for such Taking shall be apportioned and distributed as follows:

- (a) First, to the Mortgagee, if any, to the extent of the Mortgage;
- (b) Second, to Landlord its Taking Percentage of the balance of the Award; and
- (c) Finally, the remaining balance to Tenant.

15.4 Substantial Taking.

15.4.1 In the event of a Substantial Taking, Tenant may, subject to the rights of the Mortgagee, if any, terminate this Lease. If Tenant elects to terminate this Lease under this provision, Tenant shall give written notice of its election to do so to Landlord within forty-five (45) days after receipt of a copy of a Notice of Intended Taking. In the event Landlord disputes the right of Tenant to terminate this Lease under this Section, Landlord shall give Tenant notice of such fact within thirty (30) days after receiving the notice of Tenant's election to terminate. In the event it is determined that Tenant does not have the right to so terminate this Lease, the apportionment of the Award for such Taking and the obligations of Tenant to restore shall be governed by the terms of Section 15.6 or Section 15.8, whichever is applicable.

15.4.2 In the event that Tenant elects to terminate this Lease by exercising its right to do so under this Section, such termination shall be as of the time when the Taking entity takes possession of the portion of the Property taken. In such event, the Award for such Substantial Taking (including any award for severance, consequential or other damages which will accrue to the portion of the Property and/or the Improvements not taken) shall be apportioned and distributed as follows:

- (a) First, to the Mortgagee (or an independent trustee acceptable to Mortgagee), if any, to the extent of the Mortgage;
- (b) Second, to Landlord its Taking Percentage of the balance of the Award; and

- (c) Finally, the remaining balance to Tenant.

15.5 Tenant's Right to Revoke Notice of Termination. Notwithstanding anything to the contrary contained in Section 15.4, if Tenant has elected to terminate this Lease, and the taking authority abandons or revises the Taking, Tenant shall have forty-five (45) days from receipt of written notice of such abandonment or revision to revoke its notice of termination of this Lease.

15.6 Partial Taking.

15.6.1 In the event of a Partial Taking, this Lease shall continue in full force and effect and there shall be an equitable abatement in or reduction of any of Tenant's obligations hereunder.

15.6.2 The Award for such Partial Taking shall be apportioned and distributed

- (a) First, to the Mortgagee, if any, to the extent of the Mortgage;
- (b) Second, to Landlord its Taking Percentage of the balance of the Award; and
- (c) Finally, the remaining balance to Tenant.

15.7 Obligation to Repair on Partial Taking. Promptly after any Partial Taking and regardless of the amount of the Award for such Taking, Tenant shall, to the extent of the Award received by Tenant (net of any amounts payable attributable to business interruption) and in the manner specified in the provisions of this Lease, repair, alter, modify or reconstruct the Improvements so as to make them usable for the purposes set forth in this Lease.

15.8 Temporary Taking.

15.8.1 In the event of a Temporary Taking of the whole or any part of the Property and/or Improvements, the Term shall not be reduced or affected in any way and Tenant shall continue to pay in full any sum or sums of money and charges herein reserved and provided to be paid by Tenant, and, subject to the other provisions of this Section 15.8, Tenant shall be entitled to any Award or payment for the temporary use of the Property and/or Improvements prior to the termination of this Lease, and Landlord shall be entitled to any Award or payment for such use after the termination of this Lease.

15.8.2 If, after the occurrence of a temporary taking, possession of the Property and/or Improvements shall revert to Tenant prior to the expiration of the Term, Tenant shall, to the extent of the amount of any award or payment, restore the Property and/or Improvements so that the Property and/or Improvements in every respect shall upon completion of such restoration be in the same condition as they were prior to the taking thereof.

15.8.3 Any Award or payment for damages or cost of restoration made on or after the termination of this Lease shall be paid first to the Mortgagee (or an independent trustee acceptable to Mortgagee), if any, to the extent of the Mortgage, then to Landlord absolutely, together with the remaining balance of any other funds paid to Tenant for such damages or cost of

restoration and Tenant shall thereupon be excused from any obligation to restore the Property and/or Improvements upon the termination of such Temporary Taking except that any obligation that may have accrued for Tenant to restore the Property and/or Improvements prior to the commencement of said Temporary Taking shall continue to be the obligation of Tenant.

15.9 Landlord Participation. Notwithstanding anything to the contrary contained herein, Landlord shall not (and shall cause other Landlord Related Persons not to) initiate, consent to, approve, or otherwise participate in any Taking respecting all or any portion of the Property or cooperate with any other Person exercising any power or right of eminent domain or Taking of the Property or any portion thereof.

15.10 Mortgagee Protection. Notwithstanding anything contained in this Lease to the contrary, any and all condemnation proceeds shall be paid first to the Mortgagee (or an independent trustee acceptable to Mortgagee), if any, to be applied in accordance with the Leasehold Mortgage and other documents that govern the loan secured by the Leasehold Mortgage to reduce the Leasehold Mortgage if required by the Leasehold Mortgage documents.

ARTICLE 16 ENVIRONMENTAL.

16.1 Intentionally Omitted.

16.2 No Warranties As To Property. Subject to Landlord's Warranties, the physical condition of the Property is and shall be delivered from Landlord to Tenant in an "as-is" condition, with no warranty expressed or implied by Landlord including the presence of Hazardous Materials, the existence of refuse, or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Property for the development purposes intended hereunder.

16.3 Tenant Release. As of the Commencement Date, Tenant agrees, with respect to the Property, to release Landlord, from and against any Environmental Liabilities except liabilities arising out of any Substandard Conduct by Landlord or any other Landlord Related Person occurring after the Commencement Date or as otherwise herein provided. Tenant shall establish the date that the Environmental Liability occurred. At the request of Tenant, Landlord shall cooperate with and assist Tenant in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that Landlord shall not be obligated to incur any expense (other than a de minimis expense) in connection with such cooperation or assistance. This release shall survive the termination, expiration, invalidation or performance in full or in part of this Lease.

Tenant acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY

AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR
OR RELEASED PARTY.”

As such relates to this Section 16.3, effective as of the Commencement Date, subject to Landlord’s Warranties and the other provisions of this Article 16, Tenant waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

Notwithstanding anything to the contrary contained in this Article 16 or otherwise in this Lease, nothing in this Lease shall constitute a release, limitation or waiver of any breach of, or obligation to perform, any Landlord’s Warranties, Substandard Conduct by Landlord or any other Landlord Related Person, or third party claims.

16.4 Tenant Obligations After Commencement Date. From and after the Commencement Date, Tenant shall exercise reasonable precautions in an effort to prevent the release into the environment of any Hazardous Materials from the Property in violation of applicable environmental Governmental Requirements. Such precautions shall include compliance with applicable environmental Governmental Requirements. Tenant further agrees to comply with all applicable environmental Governmental Requirements in connection with the disclosure, storage, use, removal and disposal of any Hazardous Materials.

16.5 Tenant and Landlord Indemnities.

16.5.1 As of the Commencement Date, Tenant agrees, with respect to the Property, to indemnify, defend and hold Landlord Related Persons harmless from and against (“**Indemnity**”) any third party claim, action, suit or proceeding, and any actual out-of-pocket loss, damage, liability, fine, penalty or reasonable cost or expense (including reasonable attorneys’ fees) by third parties for bodily injury or property damage, resulting from or based upon the following first occurring after the Commencement Date: (i) the presence, release, use, generation, discharge, storage or disposal by Tenant of any Hazardous Materials on, under, in, about, or from or the transportation by Tenant of any such Hazardous Materials to or from, the Property in violation of Environmental Laws; (ii) the violation by Tenant of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from the Property; and (iii) damage to person or property arising out of or related to Tenant’s investigations of the Property (collectively “**Environmental Liabilities**”), except any Environmental Liabilities arising out of the Substandard Conduct of Landlord or any other Landlord Related Person occurring after the Commencement Date. Landlord shall establish with substantial evidence the date that the Environmental Liability occurred. This Indemnity shall include any damage, liability, fine and penalty arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment to the extent payable by Landlord to any third party. At the request of Tenant, Landlord shall cooperate with and assist Tenant in its defense of any such Environmental Liability; provided that Landlord shall not be obligated to incur any expense in connection with such cooperation or assistance.

16.5.2 Landlord agrees, with respect to the Property, to indemnify, defend and hold Tenant and any Mortgagee (and their respective successors, assigns, and Related Persons) harmless from and against any third party claim, action, suit or proceeding, and any actual out-of-pocket loss, damage, liability, fine, penalty or reasonable cost or expense (including reasonable attorneys' fees) by third parties for bodily injury or property damage, resulting from or based upon the following occurring on or prior to the Commencement Date or arising out of any Substandard Conduct by Landlord or any other Landlord Related Person occurring after the Commencement Date: (i) the presence, release, use, generation, discharge, storage or disposal of any Hazardous Materials on, under, in, about, or from or the transportation of any such Hazardous Materials to or from, the Property in violation of Environmental Laws; and (ii) the violation of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of Hazardous Materials on, under, in or about, to or from the Property. This Indemnity shall include any damage, liability, fine and penalty arising from or out of any claim, action, suit or proceeding for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment to the extent payable by Tenant to any third party.

16.5.3 The foregoing Indemnities shall survive the termination, expiration, invalidation, or performance in full or in part of this Lease.

16.6 Notice and Remediation by Tenant. Tenant shall promptly give Landlord, and Landlord shall give Tenant, written notice of any notices, demands, claims or orders received by Tenant from any governmental agency pertaining to Hazardous Materials located at the Property.

ARTICLE 17 TRANSFERS.

Because of the importance that Landlord places on Tenant's qualification, expertise and identity, and the reliance Landlord makes upon Tenant's ability to operate the Project, during the Term of this Lease, Tenant shall not assign or attempt to assign this Lease or any right herein, except to such transferees as approved or permitted pursuant to this Article 17.

17.1 Transfers by Tenant. The identities and qualifications of Tenant, as an experienced and successful developer are of particular concern to Landlord. It is because of this identity and these qualifications that Landlord has entered into this Lease with Tenant. Except as expressly set forth in Section 17.1.1 or 17.1.2, no voluntary or involuntary successor in interest of Tenant shall acquire any rights or powers under this Lease by assignment, assumption or otherwise, nor shall Tenant make any total or partial transfer, conveyance, encumbrance to secure financing or refinancing, assignment or sublease of the whole or any part of the leasehold interest in the Property (each, a "**Transfer**"), without the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed (it being understood that any Transfer approved by Landlord shall constitute a Permitted Transfer). If Tenant shall Transfer this Lease (in whole or in part), or any interest therein, in accordance with this Article 17, the assigning Tenant shall be released from all liabilities and obligations accruing from and after the date of such assignment under this Lease (or with respect to such portion or interest) by the assignee.

17.1.1 Permitted Transfers. Notwithstanding other provisions of this Lease to the contrary, but subject to Section 17.1.2 below, Landlord's approval shall not be required in connection with any of the following (each, a "**Permitted Transfer**"):

(a) Any Transfer of this Lease (in whole or in part), or any interest therein, to one or more Entities in which (i) Tenant, or (ii) a Related Person, directly or indirectly, retains ownership or beneficial interest and retains management and control of the transferee entity or entities.

(b) The conveyance, exaction, dedication, donation, subdivision or subordination of any portion of the Property (including the fee interest therein) to Landlord or other appropriate governmental agency, or the granting of easements, covenants, licenses, permits and liens to facilitate the development, entitlement, construction, ownership, use and operation (collectively, the "**Permitted Encumbrances**").

(c) Any Leasehold Mortgage or other assignment for financing purposes, including the grant of a mortgage or deed of trust or sale-leaseback to secure the funds necessary for construction and permanent financing of the Project and the following in connection with such financing: (i) any Transfer to any Person pursuant to foreclosure or deed-in lieu of foreclosure of any such mortgage or deed of trust or similar proceeding; (ii) any Transfer of the reversionary interest and estate of the lessor; and (iii) any lease termination by the lessor under the lease due to default of the lessee thereunder.

(d) A New Lease with a Mortgagee pursuant to Section 18.4.

(e) Any Transfers permitted under Article 24.

(f) The sale or leasing of parcels, buildings or portions thereof to residential, retail and/or commercial tenants or occupants as permitted under this Lease.

In the event of a Permitted Transfer described in clause (a), Tenant shall, within thirty (30) days following such Permitted Transfer, give written notice to Landlord of the same, along with, if applicable, a true and complete copy of the proposed assignment or transfer document.

17.1.2 Conditions. Tenant's right to make any Permitted Transfer shall be subject to compliance with the following conditions (it being understood and agreed that any failure of the satisfaction of any such conditions shall not affect the validity of any such Permitted Transfer):

(a) At the time of such Permitted Transfer, no Default (as defined in Section 21.1) then exists or no Default will exist upon consummation of such Permitted Transfer; and

(b) With respect only to a Permitted Transfer described in clause (a), the transferee shall have executed an express assumption of the obligations and liabilities of Tenant under this Lease from and after the date of the assignment and there shall have been delivered to Landlord a copy of such assumption, it being understood that Tenant shall have no liability for obligations arising on or after the date of such assignment..

17.1.3 Further Assignments; Landlord Cooperation. The consent by Landlord to an assignment shall not in any way be construed to relieve Tenant from obtaining the express consent in writing of Landlord to any further assignment if required by the terms of this Lease. Landlord shall, whenever and as often as it shall be requested so to do by Tenant, cooperate with, and as requested by, Tenant in connection with any Permitted Transfers, and shall promptly execute and deliver (or cause to be executed and delivered), without further consideration, all such additional agreements, consents, affidavits, subordinations, assignments, easements, covenants, licenses, endorsements, plats, and conveyance and other documents as determined by Tenant to be required, to effectuate any Permitted Transfer.

17.1.4 Other Rights of Mortgagees. Landlord agrees that none of the restrictions or limitations on assignment or transfer by Tenant set forth in this Article 17 shall be construed to limit or abrogate the rights of a Mortgagee to (a) seek the appointment of a receiver, or (b) delegate or assign its rights under this Lease to any third party in connection with the exercise of said Mortgagee's rights and remedies under its Mortgage.

17.2 Transfers by Landlord. Landlord shall not have the right to Transfer its fee interest in the Property (the "**Landlord Property**"), in whole or in part, prior to the date on which the Master Development Plan has been received by Tenant and the Marketing Plan has been approved by Landlord.

17.2.1 Loss of Approval and Certain Other Rights. In the event that Landlord Transfers the Landlord Property or if Landlord's rights to make determinations are delegated or transferred as a matter of law or otherwise, in either case to a Person other than Tenant or its Related Persons, the transferee shall not have any right to take any action, make any determination, or give (or withhold) any consent or approval, provided to be taken, made or given by "Landlord" under this Lease, and any such action, determination or consent or approval may be taken, made or given by Tenant.

17.2.2 Agreements and Matters of Record. Landlord shall not cause or consent to any agreement or contract affecting the Property or to matters to be placed of record with respect to the Property, without Tenant's written consent.

17.3 Public Financing and Cooperation. Tenant shall have the right to seek, obtain and utilize public financing (and, if required in connection therewith, first priority land debt) opportunities in respect of the Project at any time after Tenant's receipt of the Master Development Plan, provided, that if such public financing and related land debt will encumber Landlord's fee interest in the Property (as opposed to an encumbrance on Tenant's leasehold interest in the Property), such public financing shall be subject to Landlord's consent (in its sole and absolute direction); it being understood and acknowledged by Landlord that Tenant anticipates utilizing public financing encumbering Landlord's fee interest in all of the Property in connection with the Project. Subject to the foregoing consent right of Landlord, Landlord shall, whenever and as often as it shall be requested so to do by Tenant (a) cooperate with, and as requested by, Tenant in connection with any such public financing opportunities (and, if applicable, such land debt), and shall promptly execute and deliver (or cause to be executed and delivered), without further consideration, all such additional agreements, consents, affidavits, plats, assignments, easements, covenants, licenses, endorsements, and conveyance and other documents as may be reasonably

requested by Tenant in connection therewith, and (b) promptly approve, consent to, or grant, as applicable, such Permitted Encumbrances and subordination agreements as may be reasonably requested by Tenant to facilitate the development, entitlement, construction, ownership, use and operation of the Project.

ARTICLE 18 ENCUMBRANCES.

18.1 Leasehold Mortgage. Landlord agrees and consents that Tenant (and Tenant's successors and assigns) may, at any time and from time to time, encumber or otherwise hypothecate all (or any portion) of the right, title and interest of Tenant in the leasehold estate created by this Lease or Tenant's interest in the Improvements (or both) by one or more mortgages, deeds of trust or other security instruments or public financing (any such mortgage, deed of trust, or other security instrument or public financing being herein referred to as a "**Leasehold Mortgage**"), and assign any such interest in this Lease and the leasehold estate in the Property created hereby, as collateral security for such Leasehold Mortgage or assign its interest in the same in connection with an assignment and leaseback transaction, to any lender ("**Mortgagee**"), which term includes any commercial or savings bank, savings or building and loan association, life or casualty insurance company, public or private employee pension trust, investment bank, mortgage conduit lender, mortgage banker, opportunity fund (including loan service correspondent companies designated by any of the foregoing institutions), or other institutional lender imposing a first and/or second lien on Tenant's leasehold interest in the Property or the Improvements. Tenant shall give Landlord notice of any such Leasehold Mortgage (and/or assignment of its interest in the same), and shall accompany the notice with a true copy of the Leasehold Mortgage (and/or assignment, if applicable), together with the recording date and instrument number of the Leasehold Mortgage (and/or assignment, if applicable), within ten (10) days after recordation thereof.

18.1.1 Except as hereinafter otherwise expressly provided, said Leasehold Mortgage and all rights thereunder, shall be subject to each and every of the covenants, conditions and restrictions of this Lease, and the same shall be subject to all rights and interests of Landlord hereunder. Upon the request of Landlord, any Mortgagee shall expressly agree, in a writing satisfactory to Landlord, that upon foreclosure of or a trustee's sale under a Leasehold Mortgage or a deed in lieu thereof, the purchaser at the foreclosure sale or the grantee of the deed in lieu of foreclosure, as the case may be, shall be bound by and subject to each and every of the covenants, conditions and restrictions of this Lease first arising or accruing from and after the date of such foreclosure sale or deed in lieu of foreclosure (as applicable) as to themselves and their respective successors and assigns. In the event of any conflict between the provisions of this Lease and the provisions of any Leasehold Mortgage, the terms of this Lease shall prevail.

18.1.2 Mortgagee may transfer all or any part of its interest in said Leasehold Mortgage to another Person, and in addition, or in the alternative, may collaterally assign its interest in Tenant's leasehold interest in the Property and in said Leasehold Mortgage to another Person and such other Person shall be deemed a Mortgagee, and such Person shall be entitled to the benefits afforded to a Mortgagee hereunder.

18.2 Cure by Mortgagee; Notices to Mortgagee.

18.2.1 Any Mortgagee shall have the right, at any time during the Term, while this Lease is in full force and effect:

(a) to do any act required by Tenant hereunder, and all such acts done or performed shall be effective as to prevent a forfeiture of Tenant's rights hereunder as if the same had been done or performed by Tenant;

(b) to rely on the security afforded by the leasehold estate, and to acquire and to succeed to the interest of Tenant hereunder by foreclosure, whether by judicial sale, by power of sale contained in any security instrument, or by assignment given in lieu of foreclosure. If the Mortgagee or Tenant shall have furnished, in writing, to Landlord a request for notice, then: (i) Landlord shall send to Mortgagee, concurrently with any notice it sends to Tenant, a duplicate copy of such written notice (excluding periodic billing or rental notices), and (ii) in the event of any Default hereunder on the part of Tenant, then Landlord will not terminate this Lease by reason of such Default (or exercise any other remedies with respect to any such Default) if the Mortgagee shall, within ninety (90) days after the expiration of the applicable cure periods set forth in Section 21.1 hereof and service on Mortgagee of written notice from Landlord of Landlord's intention to terminate this Lease (A) cure such Default if the same can be cured by the payment of money and (B) comply or in good faith, with reasonable diligence and continuity, commence to comply with all non-monetary covenants of this Lease capable of performance by Mortgagee. Mortgagee shall be deemed to have cured such non-monetary Default if Mortgagee proceeds in a timely and diligent manner to accomplish said cure; provided, however, that if in order to accomplish such cure, Mortgagee must foreclose on its security interest or obtain leave of the court as in the case of bankruptcy proceedings, such Default shall be deemed cured, nevertheless, if Mortgagee shall have made reasonable effort to obtain such leave or shall have commenced foreclosure proceedings and diligently pursues to completion all appropriate steps and proceedings for judicial foreclosure, the exercise of the power of sale under and pursuant to a trust deed in the manner provided by law, or the obtaining from Tenant of an assignment of this Lease in lieu of foreclosure (collectively "foreclosure remedies"). Provided that Mortgagee cures any additional defaults in the manner and within the time herein specified, the inability of Mortgagee to cure a Default based upon Tenant's bankruptcy or insolvency or other non-curable Default shall not permit Landlord to terminate this Lease on account of such Default. Further, this Section shall not be deemed to obligate Mortgagee to undertake to cure any Default based upon Tenant's bankruptcy or insolvency, or other non-curable Default. No notice of Breach or Default by Landlord to Tenant under this Lease shall be effective as to the Mortgagee unless and until a copy thereof shall have been mailed or delivered to Mortgagee in accordance with Section 25.1 below, addressed to Mortgagee at the address previously provided to Landlord.

18.2.2 Any provisions contained in this Lease to the contrary notwithstanding, any Mortgagee of the Property or its assignee or nominee, may enforce such Leasehold Mortgage and acquire title to the leasehold estate in any lawful manner; and, pending foreclosure of any such mortgage or deed in lieu thereof or similar proceeding, may take possession of the Property, provided following such foreclosure deed in lieu thereof or similar proceeding the transferee of the leasehold shall thereupon and thereby assume the performance of and be bound by each and all of the covenants, conditions, obligations restrictions and provision herein provided to be kept

and performed by Tenant first arising and accruing after the Commencement Date, and Landlord shall recognize such Mortgagee or its assignee or nominee as Tenant under this Lease and shall not disturb its use and enjoyment of Tenant's leasehold interest in the Property, and such Mortgagee, or its assignee or nominee, as Tenant under this Lease shall perform all of the obligations of Tenant set forth in this Lease which accrue thereafter. Mortgagee and its assignee or nominee shall not be liable for any obligations as tenant under this Lease (including any unpaid amounts owing under this Lease as of the date Mortgage or its assignee or nominee takes title to Tenant's interest in this Lease) except for those acts or omissions that occur during the period in which Mortgagee has title to Tenant's interest in this Lease. During such time as a Leasehold Mortgage encumbers the leasehold estate, if Landlord or Tenant shall acquire the interest of the other in the demised premises or any portion thereof (except for any acquisition by Landlord by reason of a Default by Tenant hereunder), there shall be no merger of the leasehold estate into (a) the fee simple estate in the Property, (b) the subreversion interest held by Landlord or (c) any leasehold estate superior to that of Tenant. The obligation of Mortgagee for the performance of the terms of this Lease shall terminate upon the sale, transfer or assignment of the right, title and interest of Mortgagee in the leasehold estate to any other person, firm or corporation in accordance with the provisions of this Article 18.

18.3 No Subordination. The foregoing provisions of this Article 18 do not give any Person whatsoever the right to mortgage, hypothecate or otherwise encumber or to cause any liens to be placed upon the single estate of Landlord, nor shall the foregoing provisions in any event be construed as resulting in a subordination in whole or in part of the single estate of Landlord or to any indebtedness of Tenant.

18.4 New Lease on Termination of this Lease. In the event this Lease is terminated for any reason except for a termination for Default or a termination pursuant to Section 3.3 resulting from Tenant's or Mortgagee's failure to receive the Master Development Plan by the Master Development Plan Deadline, a Mortgagee shall have the right within ninety (90) days after receipt of notice of such termination to demand that Landlord execute a new lease of the Property with Mortgagee as Tenant hereunder (a "New Lease"), or any designee or nominee which Mortgagee may designate or name. In such event Mortgagee (or such designee or nominee) shall immediately execute a New Lease which shall be for the unexpired term of this Lease and shall otherwise be identical with the terms of this Lease. Such New Lease shall be executed and delivered by Landlord to the Mortgagee (or such designee or nominee) within twenty (20) days after receipt by Landlord of written notice from the Mortgagee of such election to obtain a New Lease. After such termination of this Lease and prior to the expiration of the period within which Mortgagee may elect to obtain such New Lease from Landlord, Landlord shall refrain from executing any new subleases or amending, canceling or terminating any existing subleases without the prior written consent of Mortgagee. Any such New Lease shall have the same priority of title as this Lease, and Mortgagee (or such designee or nominee) under such New Lease shall have the benefit of all of the right, title, interest, powers and privileges of Tenant hereunder in and to the Property. Landlord shall execute and return to Mortgagee any and all documents reasonably requested by Mortgagee to secure or evidence such priority of title, and Mortgagee's title to the improvements on the Property, within twenty (20) days after request therefor. Upon the execution and delivery of the New Lease, title to all Improvements on the Property, shall automatically vest in Mortgagee or the designee until the expiration or earlier termination of the New Lease. By accepting any Mortgage or other security interest with respect to this Lease or the Property, each

Mortgagee expressly acknowledges the provisions of Section 3.3 of this Lease, which entitle Landlord to terminate this Lease and retake the Property, free and clear of all Mortgages and other liens and encumbrances on the Property (other than Permitted Encumbrances) not in existence prior to the Commencement Date. Landlord shall have no obligation to enter into a New Lease as a result of a termination of this Lease pursuant to Section 3.3.

18.5 Consent of Mortgagee. Notwithstanding the provisions of this Lease to the contrary, until such time as the indebtedness of Tenant to Mortgagee shall have been fully paid, this Lease shall not be modified, terminated, cancelled or surrendered, and Landlord shall not, without the prior written consent of Mortgagee first had and obtained, (i) accept rent that is more than thirty (30) days in advance, (ii) accept any termination, cancellation or surrender of this Lease, or (iii) consent to any modification hereof or consent to the assignment hereof, or of any part or portion of the term created thereby, or of any interest therein, if such consent is requested by the Mortgagee. Any exercise or attempted exercise of the foregoing shall be void, at the option of Mortgagee.

18.6 Rights Under Bankruptcy Code. Landlord and Tenant agree, for the benefit of Mortgagee, that so long as a Leasehold Mortgage shall encumber Tenant's leasehold interest in the Property, the right of election arising under Section 365(h)(1) of the United States Bankruptcy Code may be exercised solely by Mortgagee and not by Tenant. Any exercise or attempted exercise of such right of election by Tenant shall be void, at the option of Mortgagee.

18.7 Estoppel Certificate. Landlord shall execute, acknowledge and deliver to Mortgagee, Tenant, proposed assignees and subtenants, promptly upon request, and in any event not later than ten (10) business days following receipt of such request, a certificate identifying all documents constituting the Lease, and certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and describing or referencing the modifications), (b) the dates, if any, to which all rental due thereunder has been paid, (c) whether, to the best of Landlord's knowledge, there are then existing any charges, offsets or defenses against the enforcement by Landlord of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed (and, if so, specifying the same), (d) whether, to the best of Landlord's knowledge, there are then existing any Breaches or Defaults by Tenant in the performance or observance by Tenant of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed under this Lease and whether any notice has been given to Tenant of any Breach which has not been cured (and, if so, specifying the same), (and further, whether any conditions existing which, but for the passage of time or the giving of notice would result in a Default by Tenant under the Lease, and, if so, specifying the same) and (e) such other matters as Mortgagee shall reasonably request.

18.8 Cost of Loans to be Paid by Tenant. Tenant affirms that it shall bear all of the costs and expenses in connection with (i) the preparation and securing of the Mortgage loans, (ii) the delivery of any instruments and documents and their filing and recording, if required, (iii) all taxes and charges payable in connection with the Mortgage loans, and (iv) all costs reasonably incurred by Landlord in providing any estoppel certificates and/or in making any amendments of this Lease requested by Tenant or Mortgagees.

18.9 Lease Amendments Requested by Leasehold Mortgagee. In the event Tenant seeks to obtain or modify a Leasehold Mortgage (including any public financing), and the applicable Mortgagee desires amendments to this Lease (including any provisions of this Article 18), then Landlord shall negotiate reasonably and in good faith any such amendments, provided that such amendment does not reduce the Rent hereunder or otherwise materially adversely affect the rights of Landlord hereunder, it being understood that all reasonable expenses (including reasonable attorney's fees) incurred by Landlord in connection with any such amendment shall be paid by Tenant.

18.10 Additional Mortgagee Provisions. Notwithstanding anything to the contrary contained in this Lease, in the event of any damage or destruction of the Property or Improvements or any portion thereof or interest therein, upon the request of Mortgagee, the proceeds of Tenant's insurance shall be deposited with Mortgagee (or an independent trustee acceptable to Mortgagee) and shall be applied in accordance with the applicable provisions of the Mortgage and other documents that govern the loan secured by the Mortgage. Notwithstanding anything in the contrary contained in this Lease, in the event of condemnation of the Property or Improvements, or any portion thereof or any interest therein, upon the request of Mortgagee, the proceeds of the condemnation award shall be deposited with Mortgagee (or an independent trustee acceptable to Mortgagee), who shall act as the disbursing agent and apply the condemnation proceeds in accordance with the terms of this Lease. Landlord acknowledges that, except as otherwise provided in this Lease, Tenant's interest in its portion of any condemnation proceeds to which it is entitled under this Lease shall be applied in accordance with the applicable provisions of the Mortgage and other documents that govern the loan secured by the Mortgage. Nothing herein shall be construed to effect, in any way, any separate insurance or condemnation proceeds payable to Landlord based upon Landlord's interest in the Property, or otherwise separate insurance or condemnation proceeds from those proceeds attributable to Tenant's leasehold estate in the property and interest in the Improvements. Subject to the applicable provisions of the Mortgage and other documents that govern the loan secured by the Mortgage, at the option of Mortgagee, this Lease may not be terminated by Tenant following a casualty or condemnation unless the indebtedness of Tenant to Mortgagee shall have been fully paid.

18.11 Landlord Financing. Landlord shall not have the right to encumber Landlord's fee interest in the Property pursuant to a mortgage or deed of trust (a "**Landlord Mortgage**"), without Tenant's written consent, and, in any event, the holder of any such Landlord Mortgage trust must agree to recognize this Lease, and otherwise the relative lien priorities with respect to this Lease shall not be required to change. No default, foreclosure or other enforcement of remedies under any such Landlord Mortgage shall extinguish or otherwise affect in any manner, and any Person who acquires title to Landlord's fee interest pursuant to any foreclosure, assignment in lieu of foreclosure or other exercise of remedies under any Landlord Mortgage shall take title to Landlord's fee interest subject to (i) this Lease and all of Tenant's rights hereunder, (ii) the rights of the subtenants hereunder and (iii) the rights granted to any Mortgagee hereunder. Upon request of Landlord, any holder of a Landlord Mortgage, Tenant and/or any Mortgagee, or any fee mortgage lender, such parties shall enter and execute a commercially reasonable nondisturbance and attornment agreement(s) between and amongst Tenant, Mortgagee, Landlord, Landlord's leasehold mortgage lender, and any fee mortgage lender, as applicable, it being understood that all reasonable expenses (including reasonable attorney's fees) incurred by Tenant in connection with any such nondisturbance and attornment agreement(s) shall be paid

by Landlord; provided that the parties acknowledge that the mortgage lender is not party to this Lease and not bound hereby.

ARTICLE 19 NON-DISTURBANCE AGREEMENTS.

Landlord shall execute nondisturbance agreements, as and when requested by Tenant, with any occupant of the Improvements or any other Person, which nondisturbance agreement shall provide that (a) so long as such occupant or other Person has not defaulted under the terms of its lease or other agreement with Tenant, the rights of such occupant or other Person will not be terminated by Landlord on Landlord's exercise of any right of Landlord to terminate this Lease for Tenant's breach or otherwise, and (b) Landlord shall not be bound by prepayments of more than one month's rent or security deposits in excess of one month's rent under such nondisturbance agreement unless such excess prepayment and/or deposit has, in fact, been transferred to Landlord.

ARTICLE 20 PERFORMANCE OF TENANT'S COVENANTS.

20.1 Right of Performance.

20.1.1 Rights of Landlord. If Tenant shall at any time fail to pay any Real Property Taxes or other charge in accordance with Article 4 hereof, within the time period therein permitted, or shall fail to pay for or maintain any of the insurance policies provided for in Article 9 hereof, within the time therein permitted, or to make any other payment or perform any other act on its part to be made or performed hereunder, within the time permitted by this Lease, then Landlord, after thirty (30) days' written notice to Tenant (or, in case of an emergency, on such notice as may be reasonable under the circumstances, but not less than two (2) business days) and without waiving or releasing Tenant from any obligation of Tenant hereunder, may (but shall not be required to):

- (a) pay such Real Property Taxes or other charge payable by Tenant pursuant to the provisions of Article 4 hereof, or
- (b) pay for and maintain such insurance policies provided for in Article 9 hereof, or
- (c) make such other payment or, if Tenant has not commenced the performance of such act, perform such other act on Tenant's part to be made or performed as in this Lease provided.

20.2 Reimbursement and Damages. All sums so paid by Landlord and all costs and expenses incurred by Landlord in connection with the performance of any such act, together with interest thereon at the rate provided in Section 4.6 from the respective dates of Landlord's making of each such payment or incurring of each such cost or expense, shall constitute Additional Rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord within thirty (30) days following Tenant's receipt of Landlord's written demand (which shall include copies of contractors' invoices for any work performed by Landlord on Tenant's behalf). Landlord shall not be limited in the proof of any damages which Landlord may claim against Tenant arising out of or

by reason of Tenant's failure to provide and keep in force insurance as aforesaid, to the amount of the insurance premium or premiums not paid or incurred by Tenant and which would have been payable upon such insurance, but Landlord shall also be entitled to recover as damages for such breach, the uninsured amount of any loss (to the extent of any deficiency in the insurance required by the provisions of this Lease), damages, costs and expenses of suit, including reasonable attorneys' fees, suffered or incurred by reason of damage to, or destruction of, the Improvements, occurring during any period in which Tenant shall have failed or neglected to provide insurance as aforesaid.

ARTICLE 21 BREACH, DEFAULT; REMEDIES.

21.1 Breach. Any one or all of the following events shall constitute a Breach hereunder:

21.1.1 If Tenant shall fail to make payment of any Rent when and as the same become due and payable; or

21.1.2 The entry of any decree or order for relief by any court with respect to Tenant, or any assignee or transferee of Tenant (hereinafter "**Assignee**"), in any involuntary case under the Federal Bankruptcy Code or any other applicable federal or state law; or the appointment of or taking possession by any receiver, liquidator, assignee, trustee, sequestrator or other similar official of Tenant or any Assignee, or of any substantial part of the property of Tenant or such Assignee, or the ordering or winding up or liquidating of the affairs of Tenant or any Assignee and the continuance of such decree or order unstayed and in effect for a period of ninety (90) days or more (whether or not consecutive); or the commencement by Tenant or any such Assignee of a voluntary proceeding under the Federal Bankruptcy Code or any other applicable state or federal law or consent by Tenant or any such Assignee to the entry of any order for relief in an involuntary case under any such law, or consent by Tenant or any such Assignee to the appointment of or taking of possession by a receiver, liquidator, assignee, trustee, sequestrator or other similar official of Tenant or any such Assignee, or of any substantial property of any of the foregoing, or the making by Tenant or any such Assignee of any general assignment for the benefit of creditors; or Tenant or any such Assignee takes any other voluntary action related to the business of Tenant or any such Assignee or the winding up of the affairs of any of the foregoing; or

21.1.3 If Tenant shall fail to perform or comply with any other term, covenant or condition of this Lease.

21.2 Default. If any Breach shall continue for more than thirty (30) days after Landlord shall have given written notice thereof to Tenant, then Tenant shall be in "**Default**"; provided, however, if cure of such Breach reasonably requires more than thirty (30) days, then, provided that Tenant commences to cure within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure to completion, Tenant shall not be in Default during the period.

21.3 Termination and Other Remedies of Landlord in Event of Default.

21.3.1 If a Default shall occur, then in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and bring suit against Tenant and recover as an award in such suit the following:

(a) termination of this Lease and the return of the Property and Improvements free and clear of all liens and encumbrances (other than Permitted Encumbrances);

(b) the worth at the time of award of the unpaid Base Rent and/or Additional Rent, which had been earned at the time of termination;

(c) the worth at the time of award of the amount by which the unpaid Additional Rent has been earned after termination until the time Tenant is no longer in possession of the Property; and

(d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things could be likely to result therefrom.

21.3.2 The "worth at the time of the award" of the amounts referred to in Sections 21.2.1(a) and 21.2.1(b) above shall be computed by allowing interest at the rate provided in Section 4.6 as of the date of the award (the "**Interest Rate**"). Notwithstanding the foregoing, in no event shall Landlord recover any Rent or other sums from Tenant which would have been earned after Tenant is no longer in possession of the Property.

21.3.3 If a Default occurs, Landlord shall also have the right, with or without terminating this Lease, but subject to any nondisturbance agreements entered into with subtenants, to reenter the Property by legal process and remove all persons and property from the Property, subject to the rights of Equipment Lessors; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant.

21.3.4 No reentry or taking possession of the Property by Landlord pursuant to Section 21.3.3 shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction.

21.3.5 Notwithstanding anything to the contrary contained herein, if at any time prior to the Master Development Plan Deadline, Tenant reasonably determines and informs Landlord that the cost which would be required to treat, remove, or remediate Hazardous Materials in order for the Project to proceed would be of an amount which renders the Project materially infeasible, Tenant shall have the right to elect to terminate this Lease by delivering written notice to Landlord of its election to terminate this Lease, in which case Landlord shall be entitled to keep the Base Rent as its sole and exclusive remedy at law or in equity.

21.4 Specific Performance. If a Default occurs, each party shall, in addition to any other rights of such party under this Lease, have the right to pursue the remedy of specific performance to require the other party to perform its obligations and comply with its covenants under this Lease.

21.5 Receipt of Rent, No Waiver of Default. The receipt by Landlord of the rents or any other charges due to Landlord, with knowledge of any Breach of this Lease by Tenant or of any Default on the part of Tenant in the observance or performance of any of the conditions or covenants of this Lease, shall not be deemed to be a waiver of any provisions of this Lease. No

acceptance by Landlord of a lesser sum than the rents or any other charges then due shall be deemed to be other than on account of the earliest installment of the rents or other charges due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment of rent or charges due be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy provided in this Lease. The receipt by Landlord of any rent or any other sum of money or any other consideration paid by Tenant after the termination of this Lease, or after giving by Landlord of any notice hereunder to effect such termination, shall not, except as otherwise expressly set forth in this Lease, reinstate, continue, or extend the term of this Lease, or destroy, or in any manner impair the efficacy of any such notice of termination as may have been given hereunder by Landlord to Tenant prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by Landlord. Neither acceptance of the keys nor any other act or thing done by Landlord or by its agents or employees during the Term shall be deemed to be an acceptance of a surrender of the Property or the Improvements, excepting only an agreement in writing signed by Landlord accepting or agreeing to accept such a surrender.

21.6 Effect on Indemnification. Notwithstanding the foregoing, nothing contained in this Article 21 shall be construed to limit (a) any right to indemnification of Tenant, any Tenant Related Person or any Mortgagee by Landlord or any Landlord Related Person as otherwise provided in this Lease, or (b) any right to indemnification of Landlord or any Landlord Related Person by Tenant as otherwise provided in this Lease for indemnified matters first arising and accruing prior to the date of termination of this Lease.

21.7 Landlord Default. If Landlord shall violate, neglect or fail to perform or observe any of the representations, covenants, provisions, or conditions contained in this Lease on its part to be performed or observed in any material way, which default continues for a period of more than thirty (30) days after receipt of written notice from Tenant specifying such default, or if such default is of a nature to require more than thirty (30) days for remedy and continues beyond the time reasonably necessary to cure (provided Landlord must have undertaken procedures to cure the default within such thirty (30) day period and thereafter diligently pursues such efforts to cure to completion), Tenant may, at its option (in addition to all other rights and remedies specifically set forth in this Lease or available to Tenant at law or in equity), either terminate this Lease upon written notice thereof given to Landlord, or, upon further written notice to Landlord of Tenant's intention to exercise its self-help remedies hereunder, and after providing Landlord with an additional thirty (30) day cure period thereafter, incur any reasonable expense necessary to perform the obligation of Landlord specified in such notice and bill Landlord for the costs thereof. Notwithstanding the foregoing, if in Tenant's reasonable judgment, an emergency shall exist, Tenant may cure such default with only reasonable (under the circumstances) notice to Landlord being required. If Landlord has not reimbursed Tenant within thirty (30) days after receipt of Tenant's bill, then Tenant may deduct the reasonable cost of such expense from the Rent next becoming due, together with interest thereon at the Interest Rate. The self-help option given in this Section is for the sole protection of Tenant, and its existence shall not release Landlord from its obligation to perform the terms, provisions, covenants and conditions herein provided to be performed by Landlord or deprive Tenant of any legal rights which it may have by reason of any such default by Landlord.

ARTICLE 22 PERMITTED CONTESTS.

Tenant, at no cost or expense to Landlord, may contest (after prior written notice to Landlord), by appropriate legal proceedings conducted with due diligence, the amount or validity or application, in whole or in part, of any Real Property Taxes or lien or any Governmental Requirements or Insurance Requirements, provided that (a) in the case of liens of mechanics, materialmen, suppliers or vendors, or Real Property Taxes or liens therefor, such proceedings shall suspend the collection thereof from Landlord, and shall suspend a foreclosure against the Property and/or the Improvements, or any interest therein, or any Rent, if any, or Tenant shall have furnished to Landlord, if requested, a bond or other security, satisfactory to Landlord, (b) neither the Property nor the Improvements, nor any part thereof or interest therein, nor the Rent, if any, nor any portion thereof, would be in any danger of being sold, forfeited or lost by reason of such proceedings, and (c) in the case of Governmental Requirements, Landlord would not be in any danger of any criminal liability or, unless Tenant shall have furnished a bond or other security therefor satisfactory to Landlord, any additional civil liability for failure to comply therewith and the Property and the Improvements would not be subject to the imposition of any lien as a result of such failure. If Tenant shall fail to contest any such matters, or to give Landlord security as hereinabove provided, Landlord may, but shall not be obligated to, post a bond, at Tenant's cost and expense. Landlord, at the sole cost and expense of Tenant, will cooperate with Tenant and execute any documents or pleadings legally required for any such contest.

ARTICLE 23 FORCE MAJEURE.

Any prevention, delay, nonperformance or stoppage by Tenant or Landlord due to any Force Majeure Event shall be excused. As used in this Lease, the term "**Force Majeure Event**" means any of the following events: (i) any regulation, order, act, restriction or requirement or limitation imposed by any federal, state, municipal or foreign government or any department or agency thereof (except that action or inaction of Landlord shall not excuse timely performance by Landlord), or civil or military authority; (ii) any act of God, including an earthquake, hurricane, tsunami, tornado, flood or other similar natural catastrophe; (iii) any act or omission of the other party or its agents or employees; (iv) any act, delay or failure to act by Santa Ana or any other governmental agency (including Landlord), excluding a failure by Santa Ana to issue any required Entitlements, but including such a failure or delay by reason of any Proceeding in respect of the Property); (v) any fire, explosion or floods; (vi) any walkouts or inability to obtain materials, strikes, lockouts, work stoppages, or failures of utility services that are not specific to the Project; (vii) war, terrorism, riots, sabotage or civil insurrection; (viii) from and after January 1, 2021 (unless Landlord, acting reasonably, agrees with Tenant at an earlier time that any of the following matters described in this clause (viii) then constitutes a Force Majeure Event), the pendency of any Property Litigation that Tenant reasonably and in good faith determines poses a legitimate (and neither frivolous nor trivial) risk to Landlord's or Tenant's authority or ability to enter into or perform under this Lease, Tenant's rights to receive the rights, benefits and privileges under this Lease, or materially hinder, delay or have a material adverse effect on the Project (provided that Tenant notifies Landlord within sixty (60) days of learning of such Force Majeure Event under this clause (viii)); and (ix) any other causes beyond the reasonable control of the party claiming the enforced delay.

ARTICLE 24 DISPOSITION OF PROPERTY.

24.1 General Provision. Tenant shall have the right, from time to time, to acquire or cause a Sale of all or any portion of the Property, in one or more transactions, in accordance with the terms of this Article 24. Sales shall be consistent with the Marketing Plan.

24.2 Periodic Consultation. Tenant and Landlord shall meet regularly concerning the status of the implementation of the Marketing Plan as well as any proposed modifications to the Marketing Plan that constitute a Major Change; such meetings shall take place at least quarterly until the Master Development Plan has been received, and thereafter quarterly unless a different frequency of meetings is established by mutual agreement of the Parties. At such meetings, Tenant will consult with Landlord regarding anticipated developers of the Property.

24.3 Sale Parcels.

24.3.1 At such time as Tenant has received the Master Development Plan, Tenant shall have the right, upon giving Landlord ten (10) business days' notice (the "**Sale Notice**"), to cause Landlord to sell (a "**Parcel Sale**") such Sale Parcel or Sale Parcels to Tenant (or Tenant's Related Person expressly designated for such purpose in said notice, a "**Related Titleholder**") for a purchase price equal to "Landlord's Share of Net Proceeds" (as calculated in accordance with Schedule 1) from such Sale Parcel, as and when actually received by Tenant or the Related Titleholder, as calculated and when payable in accordance with Schedule 1, with the understanding that Tenant or the Related Titleholder will sell such Sale Parcel to one or more (a) unrelated parties at a price and on terms determined by Tenant or (b) Related Persons of Tenant at not less than "Fair Market Value" (as determined pursuant to Schedule 1) and on such other terms as determined by Tenant. Landlord shall, within ten (10) business days after Tenant's delivery of the Sale Notice, execute and deliver (and, if applicable, cause to be recorded) (x) a purchase and sale agreement in the form of Exhibit F attached hereto (the "**Form of Purchase Agreement**"), (y) a grant deed in the form of Exhibit G attached hereto (the "**Form of Deed**"), and (z) any other related documents as determined by Tenant, conveying the applicable Sale Parcel(s) and transferring related rights to Tenant or the Related Title Holder, as applicable.

24.3.2 Tenant shall endeavor promptly following its receipt of the Master Development Plan and completion of appropriate infrastructure development with respect to the Sale Parcels to cause there to be a Sale of the Sale Parcels in order to accelerate the payment of the Percentage Rent.

24.4 Remaining Parcels. At such time as Tenant has received the Master Development Plan, Tenant shall have the right, upon giving Landlord ten (10) business days' notice (the "**Remaining Parcel Notice**"), to cause Landlord to sell any one or more of the Remaining Parcels to Tenant or a Related Person of Tenant expressly designated for such purpose in said notice (in either case, the "**Ground Lessor Entity**") for a purchase price equal to Landlord's Share of Net Proceeds from such Ground Lease Parcel, as and when actually received by Tenant or the Related Titleholder, as calculated and when payable in accordance with Schedule 1, with the understanding that the Ground Lessor Entity shall, in turn, enter into a ground lease (the "**Parcel Ground Lease**") for a period up to ninety-nine (99) years with respect to such Remaining Parcel(s) with one or more

(a) unrelated parties at a rent rate and on terms determined by Tenant or (b) Related Persons of Tenant at not less than “Fair Market Value Rent” (as determined pursuant to Schedule 1) and on such other terms as determined by Tenant. Landlord shall, within ten (10) business days after Tenant’s delivery of the Remaining Parcel Notice, execute and deliver (and, if applicable, cause to be recorded) (x) a purchase and sale agreement in the form of the Form of Purchase Agreement, (y) a grant deed in the Form of Deed, and (z) any other related documents as determined by Tenant, with respect to the conveyance of the applicable Remaining Parcel(s) and the transfer of the related rights to the Ground Lessor Entity. Landlord will not be a party to the Parcel Ground Lease.

24.5 Without limitation on the foregoing, in connection with the transactions contemplated by this Article 24, including with respect to any sale of any Sale Parcel or Remaining Parcel, or any Parcel Ground Lease, Landlord shall, whenever and as often as it shall be requested so to do by Tenant in connection therewith, cooperate with Tenant and such other parties with respect thereto, and shall promptly execute and deliver (or cause to be executed and delivered), without further consideration, all such additional agreements, assignments, endorsements and other documents as may be reasonably requested by Tenant in order to consummate such transaction or transactions consistent with this Lease, including (a) title affidavit or affidavits as may be required by Tenant or the title company engaged in connection with such transaction or transactions to facilitate the issuance of an extended coverage title policy in form and substance reasonably satisfactory to Tenant, including removal of the general exception for mechanics’ liens, materialmens’ liens and similar liens, and (b) consents and other evidence reasonably satisfactory to Tenant and such title company respecting the due organization and authority of Landlord in respect of such transaction or transactions. Closing costs shall be allocated in accordance with local custom; however, any transfer taxes payable in connection with such transaction or transactions shall be borne by Landlord.

24.6 Tenant (or a Related Person of Tenant) will have the option of forgoing “Tenant’s Share of Net Proceeds” (as calculated in accordance with Schedule 1) from any Parcel Sales or Parcel Ground Lease rent and in lieu thereof, receiving an equity and/or profits interest in the applicable Related Person that is ultimately purchasing or leasing the Sale Parcel or Ground Lease Parcel for development of a vertical project, but Tenant, the Related Title Holder, or the Ground Lessor Entity will nevertheless remit the Landlord’s Share of Net Proceeds as and when due and payable. At Landlord’s written request, but not as a condition to Tenant’s foregoing option, Tenant will demonstrate to City Manager that the foregoing transaction is not worse than financially neutral to Landlord.

24.7 Landlord hereby agrees that, notwithstanding anything to the contrary herein, no failure by Tenant to comply with the Marketing Plan or any provision of this Lease shall affect the validity or enforceability of any disposition, transfer or ground lease contemplated by this Article 24, and, without limitation on the foregoing, Landlord’s sole and exclusive remedy for any failure to comply with the Marketing Plan shall be an action against Tenant for actual damages (and Landlord shall not be entitled to terminate this Lease or any Parcel Ground Lease or other occupancy agreement with respect to any parcel on account of any such failure).

ARTICLE 25
GENERAL PROVISIONS.

25.1 Notices. Any approval, consent, disapproval, demand, document, direction, request, waiver, communication or other notice (each, a “**Notice**”) which either party may desire to give to the other party under this Lease must be in writing and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as FedEx that provides a receipt showing date and time of delivery (with charges paid by the party sending the Notice), (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, or (iv) facsimile transmission or a PDF or similar attachment to an email, provided that such facsimile or email attachment shall be followed within one (1) business day by delivery of such notice pursuant to clause (i), (ii) or (iii) above, addressed to the address of the party as set forth below, or at any other address as that party may later designate by Notice. Service of any such Notice so made shall be deemed effective on the day of actual delivery (whether accepted or refused), as shown by the addressee’s return receipt if by certified mail, as confirmed by the courier service if by courier, or as evidenced by printed confirmation if by facsimile (provided that if any Notice to be delivered by facsimile or email attachment as provided above cannot be transmitted because of a problem affecting the receiving party’s facsimile machine or computer, the deadline for receiving such notice or other communication shall be extended through the next business day); provided, however, that if such actual delivery occurs after 5:00 p.m. (local time where received) or on a non-business day, then such notice or communication so made shall be deemed effective on the first business day after the day of actual delivery. Except as expressly provided above with respect to certain email attachments, no Notice shall be effective to give any notice, request, direction, demand, consent, waiver, approval or other communications hereunder. The attorneys for any party hereto shall be entitled to provide any notice that a party desires to provide or is required to provide hereunder.

25.1.1 Any notice to Landlord shall be given to and rent shall be paid to:

City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Manager
E-mail: _____

With Copies To:

City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: Community and Economic Development Director
E-mail: _____

and:

Stradling Yocca Carlson & Rauth
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
Attention: Thomas P. Clark, Jr.
E-mail: tclark@sycr.com

25.1.2 Any notice to Tenant shall be given to:

MWillowick Land, LLC
c/o McWhinney Real Estate Services, Inc.
1800 Wazee Street, Suite 200
Denver, Colorado 80202
Attention: Executive Vice President, Master Planned Communities
E-mail: peter.lauener@mcwhinney.com

With Copies To:

c/o McWhinney Real Estate Services, Inc.
1800 Wazee Street, Suite 200
Denver, Colorado 80202
Attention: General Counsel
E-mail: legalnotices@mcwhinney.com

and:

Pircher, Nichols & Meeks LLP
1901 Avenue of the Stars, Suite 1200
Los Angeles, California 90067
Attention: Real Estate Notices (SCS/SMK; 5700-88)
Email: realestatenotices@pircher.com; ssilvers@pircher.com; and
skodaverdian@pircher.com

Any party may, by virtue of written Notice in compliance with this Section 25.1, alter or change the address or the identity of the Person to whom any notice, or copy thereof, is to be sent.

25.2 No Merger of Title. There shall be no merger of this Lease or the leasehold estate created by this Lease with any other estate in the Property or any part thereof by reason of the fact that the same person, firm, corporation or other entity may acquire or own or hold, directly or indirectly: (a) this Lease or the leasehold estate created by this Lease or any interest in this Lease or in any such leasehold estate, and (b) any other estate in the Property and the Improvements or any part thereof or any interest in such estate, and no such merger shall occur unless and until all persons, corporations, firms and other entities, including any leasehold Mortgagee or leasehold Mortgagees, having any interest (including a security interest) in (i) this Lease or the leasehold estate created by this Lease, and (ii) any other estate in the Property or the Improvements or any part thereof shall join in a written instrument effecting such merger and shall duly record the same.

25.3 Quiet Enjoyment. Tenant, upon paying the Rent and other charges herein provided for and upon performing and complying with all covenants, agreements, terms and conditions of this Lease to be performed or complied with by it, shall lawfully and quietly hold, occupy and enjoy the Property during the term of this Lease without hindrance or molestation by Landlord, or any Person or Persons claiming through Landlord.

25.4 No Claims Against Landlord. Nothing contained in this Lease shall constitute any consent or request by Landlord, express or implied, for the performance of any labor or services or the furnishing of any materials or other property with respect to the Property or any part thereof, nor as giving Tenant any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Landlord or its interest in the Property in respect thereof.

25.5 No Waiver. No waiver by a party of any breach of this Lease or of any warranty or representation hereunder by the other party shall be deemed to be a waiver of any other breach by such other party (whether preceding or succeeding and whether or not of the same or similar nature), and no acceptance of payment or performance by a party after any breach by the other party shall be deemed to be a waiver of any breach of this Lease or of any representation or warranty hereunder by such other party, whether or not the first party knows of such breach at the time it accepts such payment or performance. No failure or delay by a party to exercise any right it may have by reason of the default of the other party shall operate as a waiver of default or modification of this Lease or shall prevent the exercise of any right by the first party while the other party continues to be so in default.

25.6 Holding Over. In the event Tenant shall hold over or remain in possession of the Property with the consent of Landlord after the expiration of the Term, such holding over or continued possession shall create a tenancy for month to month only, upon the same terms and conditions as are herein set forth so far as the same are applicable.

25.7 No Partnership. Anything contained herein to the contrary notwithstanding, Landlord does not in any way or for any purpose become a partner of Tenant in the conduct of its business, or otherwise, or a joint venturer or member of a joint enterprise with Tenant hereunder.

25.8 Remedies Cumulative. The various rights, options, elections and remedies of Landlord and Tenant, respectively, contained in this Lease shall be cumulative and no one of them shall be construed as exclusive of any other, or of any right, priority or remedy allowed or provided for by law and not expressly waived in this Lease. No party shall have the right to recover consequential, unforeseeable or punitive damages.

25.9 Attorneys' Fees. The parties hereto agree that they shall pay any and all legal costs which they have incurred on their own behalf in the preparation of this Lease. In the event of a dispute between the parties arising out of or in connection with this Lease, whether or not such dispute results in litigation, the prevailing party (whether resulting from settlement before or after litigation is commenced), as determined by the court, agency or other authority before which such suit or proceeding is commenced, shall, in addition to such other relief as may be awarded, be

entitled to have and recover from the non-prevailing party reasonable attorneys' fees and costs of suit actually incurred by the prevailing party.

25.10 Time Is of the Essence. Time is of the essence of this Lease and all of the terms, provisions, covenants and conditions hereof.

25.11 Construction of Lease. This Lease shall be construed in accordance with the substantive laws of the State of California, without regard to the choice of law rules thereof. The rule of construction that a document be construed strictly against its drafter shall have no application to this Lease. Whenever the singular number is used in this Lease and required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders.

25.12 Severability. If one or more of the provisions of this Lease (or the application thereof to any Person or circumstance) shall be held to be illegal or otherwise void or invalid, the remainder of this Lease (or the application of such term or provision to persons or circumstances other than those as to which it is held illegal, void or invalid) shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted under applicable laws and regulations.

25.13 Entire Agreement; Modification. This Lease and the Exhibits and Schedules (if any) attached hereto, each of which is incorporated by this reference, contain the entire agreement of the parties with respect to the matters discussed herein. This Lease may be amended only by an agreement in writing signed by the parties hereto.

25.14 Binding Effect and Benefits. This Lease shall inure to the benefit of and be binding on the parties hereto and their respective successors and assigns. Nothing in this Lease, expressed or implied, is intended to confer on any Person other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Lease.

25.15 Cooperation; Further Instruments. Each party hereto will, whenever and as often as it shall be requested so to do by the other party, cooperate with, and as reasonably requested by, the other party (or such other parties) with respect to this Lease, the contemplated development of the Project, and the transactions contemplated by this Lease (including with respect to Entitlements), and shall promptly execute and deliver (or cause to be executed and delivered), without further consideration, all such additional agreements, assignments, endorsements and other documents as may be necessary or proper, in the reasonable opinion of the requesting party, in order to carry out the intent and purpose of this Lease and the transactions contemplated by this Lease (including with respect to Entitlements).

25.16 Counterparts. This Lease may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Lease. The delivery of an executed counterpart of this Lease by facsimile or as a PDF or similar attachment to an email shall constitute effective delivery of such counterpart for all purposes with the same force and effect as the delivery of an original, executed counterpart.

25.17 Request for Approval. In order for a request for any approval or consent required under the terms of this Lease to be effective, it shall be given by way of a Notice in accordance with Section 25.1 clearly marked "Request for Approval" and state (or be accompanied by a cover letter stating) substantially the following:

(a) the section of this Lease under which the request is made and the action or response required;

(b) if applicable, the period of time as stated in this Lease within which the recipient of the Notice shall respond;

(c) if so provided in this Lease, notice that the failure to refuse consent or approval within the stated time period will constitute a Breach under this Lease; and

(d) notice that, other than when consent is in the party's sole discretion, if the consent or approval requested is denied, the explanation for such denial must be given in writing and the party whose request is denied must be given the opportunity to respond.

If a request for approval states a period of time for approval which is less than the time period provided for in this Lease for such approval, the time period stated in this Lease shall be the controlling time period.

In no event shall a recipient's approval of or consent to the subject matter of a Notice be deemed to have been given by its failure to object or respond to such Notice.

In the event that a recipient does not approve all or any portion of a Request for Approval, the recipient shall concurrently deliver Notice describing in reasonable detail the specific reason for such disapproval.

Notwithstanding the foregoing or anything to the contrary contained herein, in the event that Landlord has given its written consent or approval to a matter under this Lease despite Tenant's failure to follow the procedures set forth in this Section 25.17, such failure shall not negate, limit or otherwise affect the validity of such consent or approval.

25.18 Quiet Possession. Tenant shall have quiet possession of the Property for the entire Term hereof subject to all of the provisions of this Lease and all matters of record against the Property as of the Commencement Date and any Permitted Encumbrances. If Tenant's quiet possession of Property is disrupted by any final determination in any Proceeding that this Lease is not enforceable against Landlord, Landlord shall immediately refund and repay Tenant the Base Rent (together with all interest earned thereon, but less the Base Rent Independent Consideration); and upon Tenant's receipt of such refund, this Lease shall automatically terminate.

25.19 No Third Party Beneficiaries. This Lease is made for the purpose of setting forth rights and obligations of Tenant and Landlord. Except for Tenant and Landlord, no other Person shall have any rights hereunder or by reason hereof.

25.20 Waiver and Release by Tenant. As material consideration for Landlord's agreement to enter into this Lease, notwithstanding Section 25.3 or any other provision of this

Lease, if, for any reason, this Lease is found by a court of competent jurisdiction to be invalid or void, in whole or in part, and/or possession of the Property is ordered by such a court to be returned to Landlord (hereafter, a **"Court Order"**), Tenant, on behalf of itself and all Persons claiming by, through or under Tenant (collectively, the **"Releasing Parties"**), hereby irrevocably releases the City of Garden Grove and its officers, elected officials, employees, consultants, agents, representatives and contractors (collectively, the **"Released Parties"**) from and against all any and all liabilities, claims, demands, damages, losses, claimed or anticipated profits, expenses, disbursements, professionals' or consultants' fees or expenses, obligations, fines, penalties, actions, causes of action, suits and costs, known or unknown, matured or unmatured, including, without limitation, reasonable attorneys' fees and costs and expenses of litigation, of every kind and nature (collectively, **"Claims"**) that each of the Releasing Parties may now have or hereafter acquire arising from or related to such a Court Order.

Tenant acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

As such relates to this Section 25.20, effective as of the Commencement Date, Tenant, on behalf of itself and all Releasing Parties, waives and relinquishes all rights and benefits which Tenant and Releasing Parties may have under Section 1542 of the California Civil Code.

Notwithstanding the foregoing or anything to the contrary contained in this Lease, nothing in this Section 25.20 or otherwise in this Lease shall constitute a release, limitation or waiver of any breach of, or obligation to perform, any Landlord's Warranties, Substandard Conduct by Landlord or any other Landlord Related Person or third party claims.

25.21 Interpretations; Authority of City Manager to Act on Behalf of Landlord. City Manager is delegated authority to make interpretations of provisions of this Lease, and to make extensions of time which do not exceed in the aggregate one (1) calendar year. Any action, approval or consent (including any approval or consent required for Transfers) or other determination required or permitted to be undertaken by Landlord hereunder may be made by the City Manager (and Tenant may rely on the same).

25.22 Interpretation.

25.22.1 Words. Except as otherwise indicated: (1) the words "herein," "hereof," "hereunder" and "hereby" shall be construed to mean "in this Lease," "of this Lease," "under this Lease," and "by this Lease," respectively, and references to "this Lease" shall include this Lease and all amendments and supplements hereto; and (2) as used in this Lease: (a) whenever the words "including," "include" or "includes" are used they shall be interpreted in a non-exclusive manner without limiting the generality of the preceding subject matter; (b) "good faith" means

“honesty in fact” as such phrase is used in the Uniform Commercial Code, as adopted in the State of California as of the Effective Date; (c) “commercially reasonable efforts” shall not include any obligation to institute or threaten legal proceedings, to declare or threaten to declare any person in default, to incur any liabilities, to expend any monies (other than customary telephone, printing, copying, delivery and similar expenses), or to cause any other person to do any of the foregoing; (d) the two words in each of the following pairs of words (whether used in the singular or the plural) shall be deemed to have the same meanings, which shall encompass any meaning attributable to either word: “cost” and “expense”; and “approval” and “consent”; and (e) all Schedule, Exhibit and Section references in this Lease shall be deemed to refer to the Schedules, Exhibits and Sections in this Lease.

25.22.2 Captions and Headings. The captions and headings of the Sections of this Lease are for convenience of reference only, and shall not be deemed to define or limit the provisions hereof.

25.22.3 Gender and Number. Words of any gender used in this Lease will be construed to include any other gender unless the context requires otherwise. When a singular defined term is used in the plural or a plural defined term is used in the singular, it shall have a corresponding meaning (e.g., if “Box” were a defined term, then “Boxes” would mean all of the same, collectively, and if “Boxes” were a defined term, then “Box” would mean any one of them, individually).

25.22.4 Consents. Except as otherwise expressly provided herein any action, determination, consent or approval provided to be taken or given by Tenant under this Lease may be taken or given (or withheld), in the sole and absolute discretion of Tenant, for any reason or no reason, and any consent or approval must be in writing to be effective. Except as otherwise expressly provided herein any action, determination, consent or approval provided to be taken or given by Landlord under this Lease may be taken or given (or withheld), in the sole and absolute discretion of Landlord, for any reason or no reason, and any consent or approval must be in writing to be effective.

25.23 Non-Business Days. Whenever action must be taken (including the giving of notice or the delivery of documents) under this Lease during a certain period of time (or by a particular date) that ends (or occurs) on a non-business day, then such period (or date) shall be extended until the immediately following business day. As used herein, “**business day**” means any day other than a Saturday, Sunday or federal or California state holiday.

25.24 Limitation of Liability. No present or future direct or indirect partner, member, manager, director, officer, shareholder, owner, employee, advisor, Affiliate or agent of Tenant or Landlord or any Affiliate thereof, shall have any personal liability, directly or indirectly, under or in connection with this Lease or any agreement made or entered into under or in connection with the provisions of this Lease, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter, and each of Tenant and Landlord, on its behalf and on behalf of its respective successors and assigns, shall look solely to Tenant or Landlord, respectively, for the payment or performance of any such claim, and Tenant and Landlord hereby waive any and all such personal liability. For purposes of this Section, no negative capital account

or any contribution or payment obligation of any partner or member in Tenant (or any of its Related Persons) shall constitute an asset of Tenant.

(Signatures to Master Ground Lease appear on following pages)

IN WITNESS WHEREOF, the undersigned have executed this Lease as of the date first above written.

“TENANT”

MWILLOWICK LAND, LLC,
a Delaware limited liability company

By: McWhinney Real Estate Services, Inc.,
a Colorado corporation,
its Manager

By: _____
Name: _____
Title: _____

(Signatures to Master Ground Lease continue on following page)

(Signatures to Master Ground Lease continue from previous page)

“LANDLORD”

CITY OF GARDEN GROVE, a California
municipal corporation

Dated: _____, 20____

By: _____
Scott Stiles, City Manager

TERESA POMEROY, CITY CLERK

City Clerk

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

Omar Sandoval
City Attorney

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth
Special Counsel

LIST OF EXHIBITS AND SCHEDULES

Exhibit A	–	Land
Exhibit B	–	Memorandum of Master Ground Lease
Exhibit C	–	Initial Deed
Exhibit D	–	Bill of Sale
Exhibit E	–	Assignment and Assumption of Management Agreement
Exhibit F	–	Form of Purchase and Sale Agreement
Exhibit G	–	Form of Deed
Schedule 1	–	Calculation and Allocation of Certain Net Proceeds
Schedule 2	–	Exception Schedule
Schedule 3	–	<u>Current Approved Budget under</u> Management Agreement

EXHIBIT A
LEGAL DESCRIPTION

(See attached)

EXHIBIT B

MEMORANDUM OF MASTER GROUND LEASE

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840
Attention: City Clerk

This document is exempt from the payment of a recording fee pursuant to Government Code §§ 6103 and 27383.

MEMORANDUM OF MASTER GROUND LEASE

This **MEMORANDUM OF MASTER GROUND LEASE** (“Memorandum”) is executed as of _____, 20__ by and between the **CITY OF GARDEN GROVE**, a California municipal corporation (“Landlord”), and **MWILLOWICK LAND, LLC**, a Delaware limited liability company (“Tenant”).

RECITALS

A. Landlord and Tenant have entered into that certain unrecorded Master Ground Lease (“**Lease**”) dated concurrently herewith pursuant to which Landlord has conveyed a ground leasehold interest in that certain parcel of real property, which is legally described in Attachment No. 1 attached hereto and incorporated herein by reference (“**Property**”). In no event shall Landlord’s ground leasehold interest in the Property or any land use entitlements for the Project be subordinated to any deed of trust or other lien or encumbrance for financing.

B. Subject to the terms of Article 24 of the Lease, Tenant has the right to acquire all or any portion of the Property, from time to time, in one or more transactions.

C. Subject to the terms of Section 17.2 of the Lease, Tenant has a right of first refusal to purchase the Property in the event that Landlord receives an offer to purchase Landlord’s interest in the Property.

D. A copy of the Lease is available for public inspection as a public record at Landlord’s office at c/o Office of City Clerk, City of Garden Grove, 11222 Acacia Parkway, Santa Ana, CA 92840.

E. The Lease provides that a short form memorandum of the Lease shall be executed and recorded in the Official Records of Orange County, California.

NOW, THEREFORE, the parties hereto certify as follows:

Pursuant to the Lease, Landlord has conveyed a leasehold interest in the Property to Tenant for a term commencing on the Commencement Date and ending on _____ unless earlier terminated or extended as provided by the Lease. The Lease includes certain restrictions on Tenant's and Landlord's right to assign or transfer their respective interests in the Property, as more particularly set forth in the Lease (it being understood, however, that Tenant (and Tenant's successors and assigns) may, from time to time, encumber or otherwise hypothecate all (or any portion) of the right, title and interest of Tenant in the leasehold estate with respect to the Property and Tenant's interest in the Improvements by one or more mortgages, deeds of trust or other security instruments or public financing ("Leasehold Mortgage"), and assign any such interest and the leasehold estate in the Property, as collateral security for such Leasehold Mortgage or assign its interest in the same in connection with an assignment and leaseback transaction, to any lender).

The Lease further provides Tenant with options to purchase the Property as more particularly specified in the Lease.

Further, the Lease provides that as and when any portion of the Property is conveyed or transferred from time to time as permitted under the Lease, it shall no longer be deemed to be part of the "Property" under the Lease, and the term "Property" shall thereafter only mean the remaining Property, if any. Accordingly, such portion of the Property so conveyed or transferred shall be automatically released from the Lease and the encumbrance of this Memorandum (and this Memorandum shall automatically terminate with respect to such portion of the Property).

This Memorandum is not a complete summary of the Lease, and shall not be used to interpret the provisions of the Lease.

(Signatures to Memorandum of Master Ground Lease appear on the following pages)

“LANDLORD”

CITY OF GARDEN GROVE, a California
municipal corporation

Dated: _____, 20____

By: _____
Scott Stiles, City Manager

TERESA POMEROY, CITY CLERK

City Clerk

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

Omar Sandoval
City Attorney

APPROVED AS TO FORM:

Stradling Yocca Carlson & Rauth
Special Counsel

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
) SS.
COUNTY OF _____)

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

(Signatures to Memorandum of Master Ground Lease continue on following page)

(Signatures to Memorandum of Master Ground Lease continue from previous page)

“TENANT”

MWILLOWICK LAND, LLC,
a Delaware limited liability company

By: McWhinney Real Estate Services, Inc.,
a Colorado corporation,
its Manager

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
) SS.
COUNTY OF _____)

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

ATTACHMENT NO. 1 TO EXHIBIT B
LEGAL DESCRIPTION OF THE PROPERTY

[To be inserted or attached]

EXHIBIT C

INITIAL DEED

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Attention:

MAIL TAX STATEMENTS TO:

Attention:

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

GRANT DEED

The undersigned grantor(s) declare(s)

- ☐ This transfer is exempt from the documentary transfer tax.
- ☐ The documentary transfer tax is \$_____ and City Tax is \$_____ and is computed on:
 - ☐ the full value of the interest or property conveyed.
 - ☐ the full value less the liens or encumbrances remaining thereon at the time of sale.

The property is located in the County of Orange.

FOR GOOD AND VALUABLE CONSIDERATION, receipt and sufficiency of which are hereby acknowledged, CITY OF GARDEN GROVE, a California municipal corporation (“**Grantor**”), hereby does grant, bargain, and sell and convey unto MWILLOWICK LAND, LLC, a Delaware limited liability company (“**Grantee**”), all of the buildings, structures, fixtures and other improvements currently existing or hereafter located on the real property (the “**Real Property**”) located in the County of Orange, State of California, described in **Exhibit A** to this Deed, including, if (and to the extent) applicable, the Willowick Golf Course, together with, all and singular, the rights, benefits, privileges, easements, tenements, hereditaments, and appurtenances to the extent belonging or appertaining to the Real Property or such improvements.

MAIL TAX STATEMENTS AS DIRECTED ABOVE.

(Signature page follows)

IN WITNESS WHEREOF, Grantor has caused these presents to be executed as of this ____ day of _____, 20__.

Grantor:

CITY OF GARDEN GROVE,
a California municipal corporation

By: _____
Scott Stiles, City Manager

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.
--

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT A
LEGAL DESCRIPTION OF REAL PROPERTY
[To be inserted or attached]

EXHIBIT D

BILL OF SALE, ASSIGNMENT AND ASSUMPTION

DATED: As of _____, 20__

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, CITY OF GARDEN GROVE, a California municipal corporation (“**Landlord**”), hereby sells, transfers, assigns and conveys to MWILLOWICK LAND, LLC, a Delaware limited liability company (“**Tenant**”), the following:

1. Personal Property. All right, title and interest of Landlord in and to the “Personal Property” (as defined below).
2. Intangible Property. All right, title and interest of Landlord in and to the “Intangible Property” (as defined below).

This Bill of Sale, Assignment and Assumption is given pursuant to that certain Master Ground Lease (the “**Ground Lease**”) dated as of the date hereof, between Landlord and Tenant. The covenants, agreements, and limitations provided in the Ground Lease with respect to the property conveyed hereunder are hereby incorporated herein by this reference as if herein set out in full. Tenant hereby accepts the foregoing assignment and agrees to assume and discharge, in accordance with the terms thereof, any costs relating to the Property first arising and accruing after the date hereof that are Tenant’s responsibility under the Ground Lease. This Bill of Sale, Assignment and Assumption shall inure to the benefit of and shall be binding upon Landlord and Tenant, and their respective successors and assigns. As used herein, the “**Intangible Property**,” “**Personal Property**,” and “**Property**” shall have the respective meanings set forth for the same in the Ground Lease.

This Bill of Sale, Assignment and Assumption may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(No further text on this page)

IN WITNESS WHEREOF, each of the undersigned has executed this Bill of Sale, Assignment and Assumption as of the day and year first above written.

LANDLORD:

CITY OF GARDEN GROVE,
a California municipal corporation

By: _____
Scott Stiles, City Manager

(Signatures continue on following page)

TENANT:

MWILLOWICK LAND, LLC,
a Delaware limited liability company

By: McWhinney Real Estate Services, Inc.,
a Colorado corporation
its Manager

By: _____
Name: _____
Title: _____

EXHIBIT E

ASSIGNMENT AND ASSUMPTION OF MANAGEMENT AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF MANAGEMENT AGREEMENT (this “**Assignment**”) is made and entered into as of the ____ day of December, 2019 (the “**Effective Date**”), by and between CITY OF GARDEN GROVE, a California municipal corporation (“**Assignor**”), and MWILLOWICK LAND, LLC, a Delaware limited liability company (“**Assignee**”).

W I T N E S S E T H :

WHEREAS, Assignor is the current “Owner” under that certain Willowick Golf Course Management Agreement, dated as of May 15, 2019 by and between Assignor, as “Owner,” and Billy Casper Golf, LLC, a Virginia limited liability company (“**BCG**”), as “BCG,” relating to management of the property located at 3017 West 5th Street, Santa Ana, California and commonly known as the Willowick Golf Course (the “**Management Agreement**”);

WHEREAS, in connection with that certain Master Ground Lease of even date herewith between Assignor and Assignee (the “**Ground Lease**”), Assignor desires to assign to Assignee all of the rights, title and interest of “Owner” in, to and under the Management Agreement, upon the terms and conditions hereof; and

WHEREAS, Assignee desires to assume all of Assignor’s obligations under the Management Agreement (excluding the “Excluded Liabilities” (as defined in the Ground Lease), which shall remain obligations of Assignor) first arising and accruing after the Effective Date, upon the terms and conditions hereof.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor hereby assigns to Assignee, effective as of the Effective Date, all of the rights, title and interest of “Owner” in, to and under the Management Agreement.
2. Assignee hereby accepts the foregoing assignment and assumes all of Assignor’s obligations under the Management Agreement (excluding the Excluded Liabilities, which shall remain obligations of Assignor) first arising and accruing after the Effective Date.
3. All notices, requests, consents and other communications required or permitted to given under the Management Agreement from and after the date hereof to the “Owner” under the Management Agreement shall hereafter be instead delivered to Assignee at the following address (or at such other address as Assignee may from time to time designate):

MWillowick Land, LLC
c/o McWhinney Real Estate Services, Inc.
1800 Wazee Street, Suite 200
Denver, Colorado 80202
Attention: Executive Vice President, Master Planned Communities
E-mail: peter.lauener@mcwhinney.com

With a copy to:

c/o McWhinney Real Estate Services, Inc.
1800 Wazee Street, Suite 200
Denver, Colorado 80202
Attention: General Counsel
E-mail: legalnotices@mcwhinney.com

and:

Pircher, Nichols & Meeks LLP
1901 Avenue of the Stars, Suite 1200
Los Angeles, California 90067
Attention: Real Estate Notices (SCS/SMK; 5700-88)
Email: realestatenotices@pircher.com; ssilvers@pircher.com; and
skodaverdian@pircher.com

Further, Assignor hereby agrees that it shall promptly forward to Assignee any notices or other communication received by Assignor under or with respect to the Management Agreement.

4. This Assignment shall be construed under, and governed in accordance with, the laws of the State of California. This Assignment may not be amended, modified or terminated except by an instrument, in writing, executed by Assignee and Assignor. This Assignment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original, and all such counterparts shall constitute one and the same instrument. Signatures delivered by facsimile or attached to an email shall be considered original signature for all purposes of this Assignment. This Assignment constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous, oral or written understandings, negotiations or communications on behalf of such parties.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, the undersigned have executed this Assignment as of the day and year first above written.

ASSIGNOR:

CITY OF GARDEN GROVE,
a California municipal corporation

By: _____
Scott Stiles, City Manager

ASSIGNEE:

MWILLOWICK LAND, LLC,
a Delaware limited liability company

By: McWhinney Real Estate Services, Inc.,
a Colorado corporation,
its Manager

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT, APPROVAL AND CERTIFICATION

The undersigned, BCG, hereby acknowledges and approves to this Assignment, and hereby certifies to Assignee and its lenders (and their respective successors and assigns) that (a) there are no written or oral modifications or understandings or other agreements between any one or more of BCG and its affiliates, on the one hand, and any one or more of Assignor and its affiliates, on the other hand, (b) the Management Agreement is in full force and effect, has not been amended, modified, supplemented or terminated, and is free from default, (c) no termination fees or other amounts are payable under the Management Agreement in connection with this Assignment or Assignor's entering into of the Ground Lease, (d) BCG does not have any claims against the "Owner" under the Management Agreement, (e) the approved budget (the "**Budget**") under the Management Agreement for the current and any future period is attached hereto as Schedule 3, and there have been no amendments or modifications thereto, and (f) there are no required or anticipated capital expenditures or other large maintenance expenses or other obligations in excess of \$50,000 except as set forth in the Budget.

Dated as of December ____, 2019

BILLY CASPER GOLF, LLC

By: _____
R. Joseph Goodrich, Executive Vice President

By: _____
R. Alexander Elmore, President

SCHEDULE 1

BUDGET

(See attached)

EXHIBIT F
FORM OF
PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this “**Agreement**”) is made and entered into as of the ____ day of _____, 20__ (the “**Effective Date**”), by and between CITY OF GARDEN GROVE, a California municipal corporation (“**Seller**”), and [____], a [Delaware limited liability company] (“**Buyer**”).

R E C I T A L S

WHEREAS, Seller is the owner of certain property located in Orange County, California, more particularly described in the legal description attached hereto as Exhibit A (the “**Land**”).

WHEREAS, [MWillowick Land, LLC, a Delaware limited liability company (“**Tenant**”), which is an affiliate of Buyer,] [Buyer] and Seller, are parties to that certain Master Ground Lease, dated as of December [___], 2019 (the “**Ground Lease**”), encumbering the Land (and certain other property). Unless otherwise defined in this Agreement, each capitalized terms used in this Agreement shall have the meaning set forth for the same in the Ground Lease.

WHEREAS, the “Property” (as hereinafter defined) constitutes a [Sale Parcel / Remaining Parcel] under the Ground Lease.

WHEREAS, pursuant to Article 24 of the Ground Lease, Tenant has exercised its right to cause Seller to sell the Property to Buyer.

WHEREAS, Buyer desires to purchase the Property on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of one hundred dollars (\$100) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Purchase and Sale. On the Effective Date, Seller shall sell to Buyer, and Buyer shall purchase from Seller, the Property upon the terms, covenants and conditions hereinafter set forth. As used herein, the “**Property**” means (a) the Land (b) all easements, rights-of-way, and appurtenances benefiting the Land (the “**Appurtenances**”), (c) all right, title and interest of Seller in and to all improvements, structures and fixtures located upon the Land (the “**Improvements**”), (d) all right, title and interest of Seller in and to all tangible personal property located on or used in connection with all or any portion of the “**Real Property**” (which, as used herein, means the Land, Appurtenances and Improvements, collectively) (the “**Personal Property**”), and (e) all right, title and interest of Seller

in and to all intangible personal property related to all or any portion of the Real Property or Personal Property (the “**Intangible Property**”).

2. Purchase Price; Covenant to Remit Purchase Price. The purchase price shall be Landlord’s Share of Parcel [Ground Lease] [Sale] Net Proceeds (as calculated in accordance with Schedule 1 to the Ground Lease), as and when actually received by Buyer from a [ground lessor] [purchaser] under a Parcel [Ground Lease] [Sale] with respect to the Property. Buyer hereby agrees to remit Landlord’s Share of Parcel [Ground Lease] [Sale] Net Proceeds in respect of a Parcel [Ground Lease] [Sale] with respect to the Property, as and when required under Schedule 1 to the Ground Lease. The provisions of Article 24 (other than [Section 24.3] [Section 24.4]) of the Ground Lease and Schedule 1 to the Ground Lease are, to the extent applicable to the Property hereunder and the transactions contemplated hereby, hereby incorporated herein by reference as though herein set forth in full, *mutatis mutandis*, and shall constitute a part of this Agreement, as though Buyer were a signatory to the Ground Lease regarding such provisions and Schedule 1.

3. Closing Costs. Seller shall pay (a) all state, county and city documentary and other transfer taxes payable, if any, in connection with the transfer contemplated herein, and (b) 50% of all escrow charges, if any. Buyer shall pay (x) the costs of Buyer’s owner’s title insurance policy respecting the Property, and (y) 50% of all escrow charges, if any. Any other closing costs shall be allocated in accordance with local custom. Seller and Buyer shall each pay their respective legal fees and expenses. Any other closing costs shall be allocated in accordance with local custom.

4. Prorations. All real estate taxes and assessments on the Property shall be prorated as of the Effective Date, with Seller being responsible for any such taxes and assessments to the extent Seller is responsible for the same under the Ground Lease applicable to periods on or prior to the Effective Date, and Buyer being responsible for any such taxes and assessments applicable to periods after the Effective Date.

5. Title Matters. Seller shall cause, at Seller’s sole cost and expense, any mortgages, deeds of trust or other monetary liens (including liens for delinquent taxes, mechanics’ liens and judgement liens) encumbering Seller’s interest in the Land to be fully satisfied, released and discharged of record so that Buyer shall take title to the Property free of the same.

6. Closing Documents. Concurrently herewith, Seller shall deliver to Buyer (or, if requested by Buyer, to the “Title Company” (as hereinafter defined)) (a) a duly executed and acknowledged original grant deed in the form attached as Exhibit B hereto, (b) a duly executed original bill of sale, assignment and assumption agreement in the form attached as Exhibit C hereto, (c) such title affidavit or affidavits as may be required by Buyer or the title company (the “**Title Company**”) engaged in connection with such transactions contemplated by this Agreement to facilitate the issuance of an extended coverage title policy in form and substance reasonably satisfactory to Buyer, including removal of the general exception for mechanics’ liens, materialmens’ liens and similar liens, (d) consents and other evidence reasonably satisfactory to Buyer and the Title Company respecting the due organization and authority of Seller in respect of

such transaction or transactions, (e) such transfer tax forms, if any, as are required by state and local authorities, and (f) such additional documents as may be reasonably required by Buyer or Title Company in order to consummate the transactions hereunder (provided the same do not increase in any material respect the costs to, or liability or obligations of, Seller in a manner not otherwise provided for herein).

7. Representations and Warranties. Each party hereby represents and warrants to the other that this Agreement and all agreements, instruments and documents herein provided to be executed or to be caused to be executed by such party are duly authorized, executed and delivered by and are binding upon such party, and that such party has obtained all consents and permissions related to the transactions herein contemplated and required under any covenant, agreement, encumbrance, or laws.

8. Conditions to Closing. Each party's obligation to perform its undertakings provided in this Agreement is conditioned on the due performance by the other party of each and every undertaking and agreement to be performed by it hereunder in all material respects, and the truth of each representation and warranty made by such party in this Agreement as of the Effective Date.

[Include the following only for Remaining Parcels:**

9. Option to Purchase. Buyer hereby grants to Seller an option to purchase the Property for the sum of One Hundred Dollars (\$100.00) on the terms set forth in the Purchase Option Agreement attached hereto as Exhibit D (the "**Purchase Option Agreement**"). The parties shall execute and deliver the Purchase Option Agreement and cause the same to be recorded in the official records of the County of Orange, California, concurrently with execution of the Parcel Ground Lease with respect the Property by and between Buyer and a Vertical Entity.**]

[9/10]. Miscellaneous.

a. Notices. All notices or other written communications hereunder shall be delivered in accordance with Section 25.1 of the Ground Lease (with any notice to Buyer to be sent to the address set forth for Tenant in the Ground Lease).

b. Brokers. Seller represents and warrants to Buyer, and Buyer represents and warrants to Seller, that no broker or finder has been engaged by it, in connection with the sale contemplated by this Agreement. In the event of a claim for broker's or finder's fee or commissions in connection with the sale contemplated by this Agreement, then Seller shall indemnify, defend and hold harmless Buyer from the same if it shall be based upon any statement or agreement alleged to have been made by Seller, and Buyer shall indemnify, defend and hold harmless Seller from the same if it shall be based upon any statement or agreement alleged to have been made by Buyer.

c. Further Instruments. Each party will, whenever and as often as it shall be requested so to do by the other, cause to be executed, acknowledged or delivered any and all such

further instruments and documents as may be reasonably required by the requesting party, in order to carry out the intent and purpose of this Agreement.

d. Cumulative Remedies. Except as may be otherwise expressly herein provided, no remedy conferred upon a party in this Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity or by statute.

e. No Waiver. No waiver by a party of any breach of this Agreement or of any warranty or representation hereunder by the other party shall be deemed to be a waiver of any other breach by such other party (whether preceding or succeeding and whether or not of the same or similar nature), and no acceptance of payment or performance by a party after any breach by the other party shall be deemed to be a waiver of any breach of this Agreement or of any representation or warranty hereunder by such other party, whether or not the first party knows of such breach at the time it accepts such payment or performance. No failure or delay by a party to exercise any right it may have by reason of the default of the other party shall operate as a waiver of default or modification of this Agreement or shall prevent the exercise of any right by the first party while the other party continues to be so in default.

f. Consents and Approvals. Except as otherwise expressly provided herein, any approval or consent provided to be given by a party hereunder must be in writing to be effective and may be given or withheld in the sole and absolute discretion of such party.

g. Modification. This Agreement may not be modified or amended except by written agreement signed by Seller and Buyer.

h. Matters of Construction. All exhibits attached and referred to in this Agreement are hereby incorporated herein as fully set forth in (and shall be deemed to be a part of) this Agreement. This Agreement contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements between the parties hereto respecting such matters (other than the Ground Lease). Whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time (or by a particular date) that ends (or occurs) on a non-business day, then such period (or date) shall be extended until the immediately following business day. As used herein, “**business day**” means any day other than a Saturday, Sunday or federal or California state holiday.

i. Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

j. Interpretation. Words used in the singular shall include the plural, and vice-versa, and any gender shall be deemed to include the others. Whenever the words “including”, “include” or “includes” are used in this Agreement, they shall be interpreted in a non-exclusive manner, without any limitation on the generality of the subject matter that precedes such word. Wherever the words “herein” or “hereunder” appear in this Agreement, they shall be interpreted to mean “in this Agreement” or “under this Agreement”, respectively. The captions and headings of the Sections of this Agreement are for convenience of reference only, and shall not be deemed to define or limit the provisions hereof. Except as otherwise indicated, all Exhibit and Section references in this Agreement shall be deemed to refer to the Exhibits and Sections in this Agreement. Each party acknowledges and agrees that this Agreement (a) has been reviewed by it and its counsel, (b) is the product of negotiations between the parties, and (c) shall not be deemed prepared or drafted by any one party. In the event of any dispute between the parties concerning this Agreement, the parties agree that any ambiguity in the language of this Agreement is to not to be resolved against Seller or Buyer, but shall be given a reasonable interpretation in accordance with the plain meaning of the terms of this Agreement and the intent of the parties as manifested hereby.

k. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED AND ALL DISPUTES BETWEEN THE PARTIES IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA (WITHOUT REGARD TO CONFLICTS OF LAW).

l. Third Party Beneficiaries; Successors and Assigns. Except as may be otherwise expressly provided in this Agreement, Seller and Buyer do not intend by any provision of this Agreement to confer any right, remedy or benefit upon any third party (other than Tenant and its Related Persons), and no third party (other than Tenant and its Related Persons) shall be entitled to enforce or otherwise shall acquire any right, remedy or benefit by reason of any provision of this Agreement. This Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of the parties.

m. Counterparts; Delivery. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document. The delivery of an executed counterpart of this Agreement by facsimile or as a PDF or similar attachment to an email shall constitute effective delivery of such counterpart for all purposes with the same force and effect as the delivery of an original, executed counterpart.

n. Legal Costs. The parties hereto agree that they shall pay directly any and all legal costs which they have incurred on their own behalf in the preparation of this Agreement, all other agreements pertaining to this transaction and that such legal costs shall not be part of the closing costs. In addition, if any party hereto brings any suit or other proceeding with respect to the subject matter or the enforcement of this Agreement or any document executed in connection with this Agreement, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced), in addition to such other relief as may be awarded, shall be

entitled to recover reasonable attorneys' fees, expenses and costs of investigation actually incurred from the non-prevailing party. The foregoing includes reasonable attorneys' fees, expenses and costs of investigation (including those incurred in appellate proceedings), costs incurred in establishing the right to indemnification, or in any action or participation in, or in connection with, any case or proceeding under Chapter 7, 11 or 13 of the Bankruptcy Code (11 United States Code Sections 101 et seq.), or any successor statutes.

o. Limitation on Liability. No present or future direct or indirect partner, member, manager, director, officer, shareholder, owner, employee, advisor, Affiliate or agent of Buyer or Seller or any Affiliate thereof, shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or in connection with the provisions of this Agreement, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter, and each of Buyer and Seller, on its behalf and on behalf of its respective successors and assigns, shall look solely to Buyer or Seller, respectively, for the payment or performance of any such claim, and Buyer and Seller hereby waive any and all such personal liability. For purposes of this Section, no negative capital account or any contribution or payment obligation of any partner or member in Buyer (or any of its Related Persons) shall constitute an asset of Buyer. In no event shall any party be liable under this Agreement for any unforeseeable or punitive damages of any other party to this Agreement (but the foregoing shall not limit a party's liability for any such damages claimed by an unrelated third party).

(No further text on this page)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the Effective Date.

SELLER:

CITY OF GARDEN GROVE,
a California municipal corporation

By: _____

Scott Stiles, City Manager

BUYER:

_____,

a _____

By: _____

Name: _____

Title: _____

Exhibit F

7

EXHIBIT A
DESCRIPTION OF LAND

[To be inserted/attached]

Exhibit F

8

EXHIBIT B

DEED

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Attention:

MAIL TAX STATEMENTS TO:

Attention:

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

GRANT DEED

The undersigned grantor(s) declare(s)

- ☐ This transfer is exempt from the documentary transfer tax.
- ☐ The documentary transfer tax is \$_____ and City Tax is \$_____ and is computed on:
- ☐ the full value of the interest or property conveyed.
- ☐ the full value less the liens or encumbrances remaining thereon at the time of sale.

Parcel Number: _____

The property is located in the County of Orange

FOR GOOD AND VALUABLE CONSIDERATION, receipt and sufficiency of which are hereby acknowledged, CITY OF GARDEN GROVE, a California municipal corporation ("**Grantor**"), hereby does grant, bargain, and sell and convey unto _____, a _____ ("**Grantee**"), the real property located in the City of Santa Ana, County of Orange, State of California, described on Exhibit A attached hereto and made a part hereof, together with, all and singular, the tenements, hereditaments, easements, rights-of-way and appurtenances belonging or in anywise appertaining to the same, and the improvements thereon (the "**Property**").

MAIL TAX STATEMENTS AS DIRECTED ABOVE.

(Signature page follows)

IN WITNESS WHEREOF, Grantor has caused these presents to be executed as of this ____ day of _____, 20__.

Grantor: **CITY OF GARDEN GROVE,**
a California municipal corporation

By: _____
Scott Stiles, City Manager

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.
--

State of California)
County of _____)

On _____, before me,
_____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT A
LEGAL DESCRIPTION

[to be inserted]

Exhibit F

11

EXHIBIT C

BILL OF SALE, ASSIGNMENT AND ASSUMPTION

DATED: As of _____, 20__

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, CITY OF GARDEN GROVE, a California municipal corporation (“**Seller**”), hereby sells, transfers, assigns and conveys to [_____], a [Delaware limited liability company] (“**Buyer**”), the following:

1. Personal Property. All right, title and interest of Seller in and to the “Personal Property” (as defined below).
2. Intangible Property. All right, title and interest of Seller in and to the “Intangible Property” (as defined below).

This Bill of Sale, Assignment and Assumption is given pursuant to that certain Purchase and Sale Agreement (the “**Purchase Agreement**”) dated as of the date hereof, between Seller and Buyer. The covenants, agreements, and limitations provided in the Purchase Agreement with respect to the property conveyed hereunder are hereby incorporated herein by this reference as if herein set out in full. Buyer hereby accepts the foregoing assignment and agrees to assume and discharge, in accordance with the terms thereof, any costs relating to the Property first arising and accruing after the date hereof that are Buyer’s responsibility under the Purchase Agreement. This Bill of Sale, Assignment and Assumption shall inure to the benefit of and shall be binding upon Seller and Buyer, and their respective successors and assigns. As used herein, the “**Intangible Property**,” “**Personal Property**,” and “**Property**” shall have the respective meanings set forth for the same in the Purchase Agreement.

This Bill of Sale, Assignment and Assumption may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

[No further text on this page]

IN WITNESS WHEREOF, each of the undersigned has executed this Bill of Sale, Assignment and Assumption as of the day and year first above written.

SELLER:

CITY OF GARDEN GROVE,
a California municipal corporation

By: _____
Scott Stiles, City Manager

(Signatures continue on following page)

BUYER:

[_____] ,
[_____]

By: _____
Name: _____
Title: _____

EXHIBIT D

PURCHASE OPTION AGREEMENT

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

(Space Above For Recorder's Use)

PURCHASE OPTION AGREEMENT

THIS PURCHASE OPTION AGREEMENT (this "**Agreement**") is made this ____ day of _____, 20__, by and between [_____, a _____] ("**Optionor**"), and CITY OF GARDEN GROVE, a California municipal corporation ("**Optionee**").

WHEREAS, Optionor is the owner of certain property located in Orange County, California, more particularly described on **Exhibit A**, which is attached hereto and incorporated herein by this reference ("**Property**").

WHEREAS, Optionor desires to grant, and Optionee desires to acquire, an option to buy the Property on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of one hundred dollars (\$100) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Optionor hereby grants to Optionee an option (the "**Option**") to purchase the Property on the terms hereinafter set forth for the sum of One Hundred Dollars (\$100.00). Such Option may be exercised by Optionee by written notice (the "**Option Exercise Notice**") to Optionor at any time after the date that is one (1) year prior to the date that is ninety-nine (99) years after the date of this Agreement (the "**Option Outside Date**"; the period commencing on the date that is one (1) year prior to the Option Outside Date and ending on the Option Outside Date being herein referred to as the "**Option Window Period**"), but in no event later than the Option Outside Date. If Optionee timely exercise the Option during the Option Window Period, then Optionor (or its successor) shall sell to Optionee, and Optionee shall purchase from Optionor, the Property, on

an as-is, where-is basis, via quitclaim deed in form and substance mutually acceptable to the parties. The closing of such conveyance shall be designated by Optionee in the Option Exercise Notice but in no event shall such closing date be earlier than the Option Outside Date or later than the date that is sixty (60) days after the Option Outside Date. In the event that Optionee fails to timely exercise the Option during the Option Window Period, Optionee shall be deemed to have elected not to exercise the Option and the Option shall automatically terminate and be of no further force or effect. For the avoidance of doubt, Optionee may in no event exercise the Option (or have any right to acquire the Property by reason of this Agreement) prior to or after the Option Window Period.

2. This Agreement and all rights granted thereunder shall automatically terminate and be of no further force and effect and the Property shall be released therefrom upon the sooner to occur of (a) the acquisition of the Property by Optionee, (b) the expiration of the Option Window Period, or (c) the mutual written agreement of Optionee and Optionor (or their respective successors-in-interest). Optionee and Optionor agree to reasonably cooperate to record such documents or instruments as may be reasonably necessary to effectuate the release and discharge of this Agreement of record upon the termination of this Agreement.

3. The parties hereto may execute this Agreement and any other documents contemplated hereby in any number of counterparts, each of which shall be deemed to be an original instrument but all of which shall constitute one agreement.

(Signature pages follow)

This Agreement is executed by Optionor and Optionee as of the date first written above.

OPTIONOR:

_____,

By: _____

Name: _____

Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of Los Angeles)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

(Signatures continue on the following page.)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

On _____, before me, _____, a Notary Public,
personally appeared _____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Exhibit F
18

EXHIBIT A

LEGAL DESCRIPTION

[To be added]

EXHIBIT G
FORM OF DEED

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Attention:

MAIL TAX STATEMENTS TO:

Attention:

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

GRANT DEED

The undersigned grantor(s) declare(s)

- ☐ This transfer is exempt from the documentary transfer tax.
- ☐ The documentary transfer tax is \$_____ and City Tax is \$_____ and is computed on:
 - ☐ the full value of the interest or property conveyed.
 - ☐ the full value less the liens or encumbrances remaining thereon at the time of sale.

Parcel Number: _____

The property is located in the County of Orange

FOR GOOD AND VALUABLE CONSIDERATION, receipt and sufficiency of which are hereby acknowledged, CITY OF GARDEN GROVE, a California municipal corporation ("**Grantor**"), hereby does grant, bargain, and sell and convey unto _____, a _____ ("**Grantee**"), the real property located in the City of Santa Ana, County of Orange, State of California, described on Exhibit A attached hereto and made a part hereof, together with, all and singular, the tenements, hereditaments, easements, rights-of-way and appurtenances belonging or in anywise appertaining to the same, and the improvements thereon (the "**Property**").

MAIL TAX STATEMENTS AS DIRECTED ABOVE.

(Signature page follows)

IN WITNESS WHEREOF, Grantor has caused these presents to be executed as of this ____ day of _____, 20__.

Grantor:

CITY OF GARDEN GROVE,
a California municipal corporation

By: _____
Scott Stiles, City Manager

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.
--

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT A

LEGAL DESCRIPTION

[To be inserted or attached]

SCHEDULE 1

CALCULATION AND ALLOCATION OF CERTAIN NET PROCEEDS

In addition to the payment of the Base Rent and Additional Rent, Tenant has agreed to provide for or cause the payment of, without duplication, “Landlord’s Share of Net Proceeds” (as hereinafter defined) in accordance with this Schedule 1. Capitalized terms used in this Schedule 1 that are not defined in this Schedule 1 shall have the meanings set forth in other parts of this Lease.

A. Definitions:

“**Applicable Rent Payments**” means, as of a given date, the Base Rent (other than the Base Rent Independent Consideration of \$200,000.00), plus any Extension Base Rent Payments, in each case paid as of such date.

“**Disposition**” means any fee conveyance or ground lease of all or a portion of the Property for any duration, including any Parcel Sale and any Parcel Ground Lease.

“**Fair Market Value**” means the price (as determined pursuant to this Schedule 1) at which the applicable parcel or any portion thereof (the parcel or such portion being referred to herein as the “**Subject Property**”) would be sold for cash by a willing seller, not compelled to sell, to a willing buyer, not compelled to buy, both being aware of relevant facts, on a free and clear basis, unencumbered by any financing (including any deeds of trust, mortgages, or other security instruments securing any financing). The Fair Market Value will consider the Subject Property in the condition in which it is intended to be transferred and fully entitled (but not including approval of a building permit or site development permit), located in a master planned community and improved with public and private infrastructure, and encumbered with any applicable taxes and assessments, as contemplated in the transfer. However, the determination of the Fair Market Value of the Subject Property shall be reduced by 4% of such price to take into account the total closing costs (including additional attorneys’ fees, loan prepayment costs, market brokers’ fees and other transaction costs) that would customarily be paid by the seller in a third party transaction (each party hereby stipulating that such costs shall be deemed to equal such amount). Fair Market Value shall be conclusively determined, as follows:

1. Determination by One Broker Opinion of Value.

a. Within ten (10) business days after delivery of a written notice by Tenant (or a Related Person) to Landlord indicating its desire to establish the Fair Market Value of the Subject Property, Tenant (or such Related Person) and Landlord attempt, in good faith, to mutually agree on a “**real estate broker**” (which, as used herein, shall mean a California real estate broker with at least fifteen (15) years of experience in valuing properties in Southern California) to determine the Fair Market Value of the Property. If the parties mutually agree on a real estate broker within such ten (10) business day period, Tenant shall procure a final broker opinion of value (a “**BOV**”) by such real estate broker, which BOV shall take into account the following additional factors (collectively, the “**BOV Factors**”), if (and to the extent) applicable and made available:

i. The full range of market rate comparable transactions over an appropriate period of time for land intended for development;

ii. the Vertical Entity's proforma for the vertical project intended to be developed on the Subject Property, including the standard maximum fee and promote structure of McWhinney Real Estate Services, Inc. ("MRES"); and

iii. Investor and developer return requirements for land acquisition and development projects consistent with the type of vertical project intended to be developed on the Subject Property.

b. The BOV shall establish the Fair Market Value of the Subject Property.

2. Determination by Two Broker Opinion of Values.

a. If the parties are unable to mutually agree on a real estate broker within such ten (10) business day period as provided in Paragraph 1 above (and regardless of any claim by a party that the other party has failed to meet or negotiate in good faith), each party shall, within ten (10) business days thereafter, designate its own real estate broker (who shall be an independent third party who is not controlled by any party) and submit a written notice to the other party identifying such real estate broker. Tenant shall thereafter procure a final BOV by each such real estate broker, which BOV shall take into account the BOV Factors, if (and to the extent) applicable and made available.

b. If both BOVs establish the same value, such value shall be deemed to be the Fair Market Value of the Subject Property.

c. If the value established by the BOVs differ, then the Fair Market Value of the Subject Property shall be deemed to be the average of the two values.

3. Conclusive Determination. The determination of Fair Market Value established pursuant to the mechanism set forth in this Schedule 1 shall be conclusive and binding upon the parties.

"Fair Market Value Rent" means the annual amount to be paid to the landlord (i.e., the Ground Lessor Entity) under a Parcel Ground Lease as rent equal to four and a half percent (4.5%) for the initial year of the land for the initial year, and escalating annually each year thereafter at the lesser of CPI or 2.0%.

"Gross Revenue" means Operating Gross Revenue, Parcel Ground Lease Gross Revenue and Parcel Sale Gross Revenue, collectively. In the event that Tenant elects to forgo payment of Tenant's Share of Net Proceeds in order to receive an equity or profits interest in a Vertical Entity, Gross Revenue may include a hypothetical amount of revenue reasonably determined by Tenant representative of the revenue that would have generated Tenant's Share of Net Proceeds, which shall be demonstrated by Tenant to Landlord upon written request. Gross Revenue from whatever source shall not include the Gross Revenue Excluded Items.

“Gross Revenue Excluded Items” means (a) the proceeds of any debt, public financing or incentive, CFD, or similar sources (**“Indebtedness”**), (b) any unearned deposits, funds contractually earmarked by a purchaser or ground lessee for improvements, advances or other prepayments (until any such deposits, advances or prepayments are earned), and (c) any monies received (or deemed received) in connection with a Permitted Transfer other than any monies actually received from a Sale of a Sale Parcel or a Parcel Ground Lease of a Remaining Parcel, in either case, to a Vertical Entity, as contemplated by Article 24 of this Lease.

“Landlord’s Percentage Rent of Operating Net Proceeds” means eighty-five percent (85%) of Operating Net Cash Flow. Landlord’s Percentage Rent of Operating Net Proceeds shall not constitute a Project Cost.

“Landlord’s Share of Net Proceeds” means eighty-five percent (85%) of Net Cash Flow.

“Landlord’s Share of Parcel Ground Lease Net Proceeds” means eighty-five percent (85%) of Parcel Ground Lease Net Cash Flow. Landlord’s Share of Parcel Ground Lease Net Proceeds shall not constitute a Project Cost.

“Landlord’s Share of Parcel Sale Net Proceeds” means eighty-five percent (85%) of Parcel Sale Net Cash Flow. Landlord’s Share of Parcel Sale Net Proceeds shall not constitute a Project Cost.

“Net Cash Flow” means, as of a given date, Operating Net Cash Flow, Parcel Ground Lease Net Cash Flow and Parcel Sale Net Cash Flow, collectively, as of such date.

“Non-Credit Enhanced Public Financing” means any public financing that (i) is repaid solely by special taxes or assessments (or any combination of the foregoing) levied on the Project, and (ii) is completely non-recourse with no guarantees (including, for the avoidance of doubt, no payment guarantees, no recourse guarantees, and no completion guarantees) or other credit enhancement whatsoever.

“Operating Gross Revenue” means all monies actually received by Tenant from the operation of the Willowick Golf Course or from the operation of the portion, if any, of the Property that is not the subject of a Parcel Sale or Parcel Ground Lease (excluding any Gross Revenue Excluded Items). For the avoidance of doubt, Operating Gross Revenue shall not include any Parcel Sale Gross Revenue or Parcel Ground Lease Gross Revenue.

“Operating Net Cash Flow” means, for a Fiscal Quarter, the aggregate Operating Gross Revenue received during such Fiscal Quarter less (i) the aggregate Unrecovered Project Costs (determined without regard to any Operating Gross Revenue received during such Fiscal Quarter), and (ii) any Reserves.

“Parcel Ground Lease Gross Revenue” means all monies, net of closing or other collection costs, actually received by Tenant or a Ground Lessor Entity under a Parcel Ground Lease (excluding any Gross Revenue Excluded Items).

“Parcel Ground Lease Net Cash Flow” means, for a calendar year, the aggregate Parcel Ground Lease Gross Revenue received during such calendar year less (i) the aggregate

Unrecovered Project Costs (determined without regard to any Parcel Ground Lease Gross Revenue received during such calendar year) and (ii) any Reserves.

“Parcel Sale Gross Revenue” means all monies, net of closing or other collection costs, actually received by Tenant or a Related Titleholder from the sale of a Sale Parcel by Tenant or a Related Titleholder (excluding any Gross Revenue Excluded Items).

“Parcel Sale Net Cash Flow” means, with respect to a Parcel Sale, the aggregate Parcel Sale Gross Revenue with respect to such Parcel Sale minus (i) the aggregate Unrecovered Project Costs (determined without regard to any Parcel Sale Gross Revenues with respect such Parcel Sale), and (ii) any Reserves.

“Political Contributions” means any contributions of money for the direct benefit of election of candidates for public office, public officeholders, political parties, political campaigns, political committees, or election contests.

“Preferred Return” means nominal 14.058% cumulative, annual return, compounded monthly (calculated like interest) on the first day of each calendar month (i.e., a monthly rate of 1.1715% compounded monthly). For the avoidance of doubt, it is acknowledged that, as a result of the effect of monthly compounding, (i) any applicable Project Costs not recovered through Gross Revenue shall themselves be increased at a nominal annual rate of 14.058% cumulative, annual return, compounded monthly on the first day of each calendar month, and (ii) the effective annual yield of the Preferred Return is 15%. Preferred Return shall be calculated by Tenant in a manner consistent with this Schedule 1, and such calculation shall be conclusive absent manifest error.

“Project Costs” means, as of given date, the following (which, other than the Project Costs described in clause (e), shall be increased by the Preferred Return):

- (a) all Applicable Rent Payments as of such date;
- (b) all Project Service Costs as of such date;
- (c) all Project Implementation Costs as of such date;
- (d) all “Entitlement Fees” (as hereinafter defined) as of such date; and
- (e) all “Affiliate Fees and Cost Recoveries” (as hereinafter defined) (other than Entitlement Fees), as provided herein, as of such date.

Except with respect to Landlord’s obligations set forth in the Lease, in no event shall Landlord be liable for payment of Project Costs.

Project Costs shall not include the cost of any improvements to the extent paid solely with Non-Credit Enhanced Public Financing.

“Project Implementation Costs” means all actual costs incurred by Tenant or any Related Person of Tenant (including MRES, any Related Titleholder and any Ground Lessor Entity) in

connection with preparation of the Property (or any portion thereof) for Entitlements, development and/or any Disposition of all or any portion of the Property (including, for the avoidance of doubt, the actual costs incurred in connection with any Disposition). Without limitation on the foregoing, Project Implementation Costs shall include actual development, construction, capital expenditures, carrying costs, Willowick Golf Course losses (without duplication of any amounts that otherwise constitute Project Service Costs), on and off-site improvements, exactions, fees, taxes and other assessments (including real property, transfer taxes, taxes and other assessments due in connection with public financings), legal costs and expenses, acquisition, due diligence and accounting expenses, government fees and assessments, association dues, donations to non-profit entities and support of community organizations or government entities (but no Political Contributions), public and private financing costs, fees and transactional expenses (excluding the principal and interest payments in such financings), travel costs, insurance, sale and brokerage costs, and, at the election of Tenant, depreciation, amortization and other non-cash accounting or tax items, in each case incurred as part of the Project or otherwise in connection with the Property. For clarity, Project Implementation Costs shall not include Affiliate Fees and Cost Recoveries.

“Project Service Costs” means all actual third-party out of pocket costs or expenses of whatever kind or nature incurred by Tenant or any Related Person of Tenant (including MRES, any Related Titleholder and any Ground Lessor Entity) which provides services or credit enhancement for the Property or Project, Tenant, MRES, any Related Titleholder, any Ground Lessor Entity, or any other Related Person of Tenant or any Vertical Entity that assumes responsibility for any horizontal improvements at the Property, resulting from or in connection with or related to (i) the Project (including the costs of operating and leasing the Property), (ii) operation of the Willowick Golf Course, (iii) this Lease, or (iv) the Property.

“Remaining Parcel” means the portion of the Property that does not constitute the Sale Parcel. (This definition is included in this Schedule 1 for clarity but is the same definition as in the body of this Lease.)

“Reserves” means, as of a given date, (i) any reserves for the payment of any future Project Costs reasonably anticipated to be incurred or accrued as of such date in the following twelve (12) month period, and (ii) any reserves that are required by a Mortgagee or a governmental agency in connection with the Project for the following twelve (12) month period as of such date.

“Sale Parcel(s)” means one or more parcels of Land consisting of up to approximately thirty (30) acres (in the aggregate), to be identified by Tenant from time to time. (This definition is included in this Schedule 1 for clarity but is the same definition as in the body of this Lease.)

“Tenant’s Share of Net Proceeds” means fifteen percent (15%) of Net Cash Flow.

“Vertical Entity” means the Person that is the buyer under a Parcel Sale or the ground lessee under a Parcel Ground Lease.

“Unrecovered Project Costs” means, as of a given date, Project Costs minus Gross Revenue as of such date (it being understood that Gross Revenue shall be applied first to the Preferred Return, if any, on the applicable Project Costs and then to the remainder of the Project

Costs). For the avoidance of doubt, when determining Net Cash Flow, the determination of Unrecovered Project Costs shall exclude the subject Gross Revenue.

B. Affiliate Fees and Cost Recoveries for Services

The following amounts (collectively, “**Affiliate Fees and Cost Recoveries**”) shall be included as part of Project Costs (and shall not constitute Gross Revenue):

- 1) So long as Tenant proceeds with reasonable diligence to receive the Master Development Plan, an “**Entitlement Fee**” equal to \$750,000 per annum commencing on the Commencement Date until the Master Development Plan has been received, shall accrue and be prorated monthly;
- 2) A “**Construction Management Fee**” equal to one and a half percent (1.5%) of all on and off-site hard infrastructure and horizontal improvement costs, shall accrue monthly on a proforma basis, not to exceed \$50,000 per month;
- 3) A “**Development Fee**” equal to three percent (3%) of total Project hard and soft costs including market land value at the time established by Tenant with a BOV, shall accrue monthly on a proforma basis, not to exceed \$100,000 per month; and
- 4) Recovery of fully burdened employee and personnel costs as follows:
 - a. The fully burdened cost of all staff of Tenant and its Affiliates assigned to the Project who perform work or services on site;
 - b. A sales and disposition charge of one and a half percent (1.5%) of the sales price or present value of proforma ground lease payments, as determined by Tenant; and
 - c. “Shared Services Expenses” (as hereinafter defined).

C. Landlord’s Share of Net Proceeds

- 1) Landlord’s Percentage Rent of Operating Net Proceeds shall be due and payable within ninety (90) days following the end of each Fiscal Quarter.
- 2) Landlord’s Share of Parcel Ground Lease Net Proceeds shall be due and payable within ninety (90) days following the end of each Fiscal Quarter.
- 3) Landlord’s Share of Parcel Sale Net Proceeds shall be due and payable within thirty (30) days following the closing of any Parcel Sale. Tenant may cause Landlord’s Share of Net Proceeds to be paid by any other Person on behalf of Tenant.
- 4) For the avoidance of doubt, Tenant shall be entitled to retain Tenant’s Share of Net Proceeds.

It is the intent of the parties that no payments be made to Landlord at any time when Tenant has not actually received Gross Revenue at least equal to Project Costs, and the foregoing

(including all calculations of defined terms in this Schedule 1) shall be interpreted accordingly. Landlord's Share of Net Proceeds shall only be payable out of Net Cash Flow.

D. **Certain Shared Services**

Tenant may (or may cause any Related Person of Tenant, including MRES, any Related Titleholder and any Ground Lessor Entity, to), but shall not be obligated to, from time to time, make available certain benefits, services and/or facilities to any one or more of the Project, any Related Person, and the Property, which services may include in-house accounting, legal, marketing, claims management, information technology, human resources, central purchasing and procurement, employee benefits administration, payroll administration and general administrative services (collectively, the "**Shared Services**"). Tenant (or any such Related Person) shall be entitled to reimbursement for an allocated portion of the cost of providing the Shared Services (the "**Shared Services Expenses**") to the Project, but not for general services that are not directly related to the Project. The allocation of Shared Services Expenses shall be made in a manner determined by Tenant in good faith and in its sole and absolute discretion. Without limitation on the foregoing, Tenant will generally seek to make such determination (A) with respect to in-house accounting services, on a quarterly or monthly basis at an equitable flat-rate based on the project size, entity capitalization, complexity of the services and/or project activity; and (B) with respect to any other Shared Services: (i) for services which are shared with other entities, projects or properties, utilizing an equitable allocation method determined by Tenant, which may or may not include calculated percentage-based time or work allocations, per unit/activity charges, comparable market-based charges, hourly charges, formula-based assessment of costs based on project size and project activity and/or nominal flat-rate charges for entities with minimal activity and/or other methods, (ii) with respect to services which are not shared with other entities, projects or properties, for the full cost of such services, as calculated by Tenant using similar methods, and (iii) utilizing, when applicable, an estimated fully-burdened rate for personnel providing such services, which rate may include estimated occupancy, benefit, insurance and other overhead costs, without markup, and shall not exceed maximum rates charged by third party service providers for similar personnel. Nothing in this section shall limit the Project's responsibility for any of its expenses to third parties, whether incurred directly by the Tenant or by any Related Person of Tenant on behalf of the Project.

E. **Miscellaneous Provisions**

- 1) An illustration of the calculations contemplated by this Schedule 1 is attached hereto. Such illustration is purely for informational purposes and shall not be deemed to modify the text of this Schedule 1 (or the body of this Lease). In the event of conflict between the illustration and the text of this Schedule 1 (or the body of this Lease), the text of this Schedule 1 (and the body of this Lease) shall control.
- 2) Tenant shall submit a statement, with supporting documentation (except for Excluded Materials), of all Project Costs incurred and Gross Revenues received in the corresponding Fiscal Quarter, within ninety (90) days following Landlord's written request, which shall be afforded Confidential Treatment.
- 3) Upon written request from Landlord, Tenant shall produce copies of such records (except for Excluded Materials) as may be reasonably requested by Landlord to verify Tenant's

calculation of the Landlord's Share of Net Proceeds. All review and handling of such records shall be conducted at the offices of Tenant and any records delivered, disclosed or otherwise made available to Landlord or any other Landlord Related Person in connection therewith shall be afforded Confidential Treatment, and Landlord shall not (and shall cause each other Landlord Related Person not to) disseminate any such records or cause any such records to be reposed in the offices of Landlord. In the event that the cost of reproduction of the records requested by Landlord paid to third parties shall exceed \$2,000 per year, Landlord agrees to inspect these records at the principal office of Tenant in the State of California or Colorado, as applicable, or reimburse Tenant for any actual and direct third party costs of reproduction of such records in excess of \$2,000.

- 4) The provisions of this Schedule 1 shall survive termination of the Lease.

* * * * *

SCHEDULE 2

EXCEPTION SCHEDULE

None.

SCHEDULE 3

CURRENT APPROVED BUDGET UNDER MANAGEMENT AGREEMENT

(See attached)

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	William E. Murray
Dept.:	City Manager	Dept.:	Public Works
Subject:	Approval of professional service agreements with Associated Soils Engineering, GMU Geotechnical Services, and Geocon West to provide on-call geotechnical services. (Cost: \$300,000 per each agreement.) (<i>Action Item</i>)		
		Date:	12/17/2019

OBJECTIVE

To request City Council approval to enter into three (3) professional service agreements with: Associated Soils Engineering, GMU Geotechnical Services, and Geocon West to provide on-call geotechnical services.

BACKGROUND

The City of Garden Grove has various divisions requiring geotechnical services, such as Streets & Storms Drains, Water, and the Sanitary District. Historically, however, the primary demand for geotechnical services has come from the capital projects section. There is a need for geotechnical fieldwork, analysis, reports and studies, materials testing and acceptance, quality assurance testing, and independent analysis of civil engineering designs.

Currently, the City of Garden Grove does not have geotechnical staff or a laboratory, and therefore needs to engage the services of a consultant to meet the various geotechnical needs of capital project design and construction.

DISCUSSION

Staff sent out four requests for proposals to geotechnical firms for on-call geotechnical services. Three of the consultants submitted a proposal. Staff reviewed the qualifications, work experience and references of Associated Soils Engineering, GMU Geotechnical Services, and Geocon West, and found they meet City requirements.

FINANCIAL IMPACT

There is no financial impact to the General Fund. Each agreement will be established for a three (3) year period in the not to exceed amount of \$300,000 each. Funding for these services will come from the various funds used by Capital Projects and other divisions using geotechnical services.

RECOMMENDATION

It is recommended that the City Council:

- Approve professional service agreements, in the not to exceed amount of \$300,000 per agreement in a three year period, with Associated Soils Engineering, GMU Geotechnical Services, and Geocon West for on-call geotechnical services; and
- Authorize the City Manager to execute the agreements on behalf of the City and to make minor modifications as necessary.

By: Mark Uphus, Senior Civil Engineer

ATTACHMENTS:

Description	Upload Date	Type	File Name
Associated Soils Agreement	12/9/2019	Agreement	associated_12_19.docx
Associated Soils Engineering Proposal	12/12/2019	Backup Material	12-17-19_Associated_Soils_eng_proposal.pdf
GMU Geotechnical Agreement	12/9/2019	Agreement	GMU_12_2019.docx
GMU Proposal	12/12/2019	Backup Material	12-17-19_GMU_proposal.pdf
Geocon West Agreement	12/9/2019	Agreement	GEOCON_12_19.docx
Geocon West Proposal	12/12/2019	Backup Material	12-17-19_Geocon_Proposal.pdf

CONSULTANT AGREEMENT

THIS AGREEMENT is made this **17th** day of **December** 2019, by the CITY OF GARDEN GROVE, a municipal corporation, ("CITY"), and Associated Soils Engineering, Inc. , a California Corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to Garden Grove Council authorization dated December 17, 2019
2. CITY desires to utilize the services of CONSULTANT to provide On-Call Geotechnical Services.
3. CONSULTANT is qualified by virtue of experience, training, education and expertise to accomplish services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term of Agreement:** This Agreement shall cover services rendered from date of this Agreement until compensation reaches the not to exceed amount or sooner terminated per Section 3.5
2. **Services to be Provided:** The services to be performed by CONSULTANT shall consist of the services as further specified in CONSULTANT'S proposal attached hereto as Exhibit ____ and incorporated herein by reference. CONSULTANT agrees that is provision of Services under this agreement shall be within accepted accordance with customary and usual practices in CONSULTANT'S profession. By executing this Agreement, CONSULTANT warrants that it has carefully considered how the work should be performed and fully understands the facilities, difficulties, and restrictions attending performance of the work under this agreement.
3. **Compensation.** CONSULTANT shall be compensated as follows:
 - 3.1 **Amount.** Compensation under this Agreement shall be per fee schedule included in the Proposal.
 - 3.2 **Not to Exceed.** Compensation under this Agreement shall not exceed \$300,000.00
 - 3.3 **Payment.** For work under this Agreement, payment shall be made per monthly invoice. For extra work not a part of this Agreement, a written authorization by CITY will be required.

- 3.4 Records of Expenses. CONSULTANT shall keep complete and accurate records of payroll costs, travel and incidental expenses. These records will be made available at reasonable times to CITY.
- 3.5 Termination. CITY and CONSULTANT shall each have the right to terminate this Agreement, without cause, by giving thirty-(30) days written notice of termination to the other party. If CITY terminates the project, then the provisions of paragraph 3 shall apply to that portion of the work completed.

4. **Insurance Requirements**

- 4.1 Commencement of Work CONSULTANT shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the CITY. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the CITY of any material change, cancellation, or termination at least thirty (30) days in advance.
- 4.2 Workers Compensation Insurance For the duration of this Agreement, CONSULTANT and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law, if applicable. The insurer shall waive its rights of subrogation against the CITY, its officers, officials, agents, employees, and volunteers.
- 4.3 Insurance Amounts CONSULTANT shall maintain the following insurance for the duration of this Agreement:
- a) Commercial general liability in the amount of \$1,000,000 per occurrence; (claims made and modified occurrence policies are not acceptable); Insurance companies must be admitted and licensed in California and have a Best's Guide Rating of A-, Class VII or better, as approved by the CITY;
 - b) Automobile liability in the amount of \$1,000,000 per occurrence; (claims made and modified occurrence policies are not acceptable) Insurance companies must be admitted and licensed in California and have a Best's Guide Rating of A-, Class VII or better, as approved by the CITY.
 - c) Professional liability in the amount of \$1,000,000 per occurrence; Insurance companies must be acceptable to CITY and have an AM Best's Guide Rating of A-, Class VII or better, as approved by the CITY. If the policy is written on a "claims made" basis, the policy shall be continued in full force and effect at all times during the term of the agreement, and for a period of three (3) years from the date of the completion of services provided. In the event of termination, cancellation, or material change in the policy,

professional/consultant shall obtain continuing insurance coverage for the prior acts or omissions of professional/consultant during the course of performing services under the term of the agreement. The coverage shall be evidenced by either a new policy evidencing no gap in coverage, or by obtaining separate extended "tail" coverage with the present or new carrier.

An Additional Insured Endorsement, **ongoing and completed operations**, for the policy under section 4.3 (a) shall designate CITY, its officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the CONSULTANT. CONSULTANT shall provide to CITY proof of insurance and endorsement forms that conform to city's requirements, as approved by the CITY.

An Additional Insured Endorsement for the policy under section 4.3 (b) shall designate CITY, its officers, officials, employees, agents, and volunteers as additional insureds for automobiles owned, lease, hired, or borrowed by CONSULTANT. CONSULTANT shall provide to CITY proof of insurance and endorsement forms that conform to CITY's requirements, as approved by the CITY.

For any claims related to this Agreement, CONSULTANT's insurance coverage shall be primary insurance as respects to CITY, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the CITY, its officers, officials, employees, agents, or volunteers shall be excess of the CONSULTANT's insurance and shall not contribute with it.

If CONSULTANT maintains higher insurance limits than the minimums shown above, CONSULTANT shall provide coverage for the higher insurance limits otherwise maintained by the CONSULTANT.

5. **Non-Liability of Officials and Employees of the CITY.** No official or employee of CITY shall be personally liable to CONSULTANT in the event of any default or breach by CITY, or for any amount, which may become due to CONSULTANT.
6. **Non-Discrimination.** CONSULTANT covenants there shall be no discrimination against any person or group due to race, color, creed, religion, sex, marital status, age, handicap, national origin or ancestry, in any activity pursuant to this Agreement.
7. **Independent Contractor.** It is understood and agreed that CONSULTANT, including CONSULTANT's employees, shall act and be independent contractor(s) and not agent(s) or employee(s) of CITY, and that no relationship of employer-employee exists between the parties. CONSULTANT's assigned personnel shall not obtain or be entitled to any rights or benefits that accrue to, or are payable to, CITY employees, and CONSULTANT shall so inform each

employee organization and each employee who is hired or retained under this Agreement. CITY is not required to make any deductions or withholdings from the compensation payable to CONSULTANT under the provisions of this Agreement, and is not required to issue W-2 Forms for income and employment tax purposes for any of CONSULTANT's assigned personnel. CONSULTANT hereby expressly assumes all responsibility and liability for the payment of wages and benefits to its assigned personnel, and all related reporting and withholding obligations. CONSULTANT hereby agrees to indemnify and hold CITY harmless from any and all claims or liabilities that CITY may incur arising from any contention by any third party, including, but not limited to, any employee of CONSULTANT or any federal or state agency or other entity, that an employer-employee relationship exists by reason of this Agreement, including, without limitation, claims that CITY is responsible for retirement or other benefits allegedly accruing to CONSULTANT's assigned personnel.

8. **Compliance With Law.** CONSULTANT shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government. CONSULTANT shall comply with, and shall be responsible for causing all contractors and subcontractors performing any of the work pursuant to this Agreement, if any, to comply with, all applicable federal and state labor standards, including, to the extent applicable, the prevailing wage requirements promulgated by the Director of Industrial Relations of the State of California Department of Labor. The City makes no warranty or representation concerning whether any of the work performed pursuant to this Agreement constitutes public works subject to the prevailing wage requirements.
9. **Disclosure of Documents.** All documents or other information developed or received by CONSULTANT are confidential and shall not be disclosed without authorization by CITY, unless disclosure is required by law.
10. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.
11. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.
12. **Notices.** All notices shall be personally delivered or mailed to the below listed addresses, or to such other addresses as may be designated by written notice. These addresses shall be used for delivery of service of process.

(a) Address of CONSULTANT is as follows:

ASSOCIATED SOILS ENGINEERING, INC
2860 WALNUT AVE
SIGNAL HILL, CA 90755

(b) Address of CITY is as follows (with a copy to):

Engineering:
City of Garden Grove
P.O. Box 3070
Garden Grove, CA 92840

City Attorney
City of Garden Grove
P.O. Box 3070
Garden Grove, CA 92840

13. **CONSULTANT'S Proposal.** This Agreement shall include CONSULTANT'S proposal, Exhibit "A" hereto, which shall be incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.
14. **Licenses, Permits and Fees.** At its sole expense, CONSULTANT shall obtain a **Garden Grove Business License**, all permits and licenses as may be required by this Agreement.
15. **Familiarity With Work.** By executing this Agreement, CONSULTANT warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the facilities, difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any latent or unknown conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY of this and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.
16. **Time of Essence.** Time is of the essence in the performance of this Agreement.
17. **Limitations Upon Subcontracting and Assignment.** The experience, knowledge, capability and reputation of CONSULTANT, its principals and employees were a substantial inducement for CITY to enter into this Agreement. CONSULTANT shall not contract with any other entity to perform the services required without written approval of the CITY. This Agreement may not be assigned voluntarily or by operation of law, without the prior written approval of CITY. If CONSULTANT is permitted to subcontract any part of this Agreement, CONSULTANT shall be responsible to CITY for the acts and omissions of its subcontractor as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and CITY. All persons engaged in the work will be considered employees of CONSULTANT. CITY will deal directly with and will make all payments to CONSULTANT.

18. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the parties are formally bound.
19. **Indemnification.** To the fullest extent permitted by law, CONSULTANT agrees to protect, defend, and hold harmless CITY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damages of any nature, including interference with use of property, arising out of, or in any way connected with the negligence, recklessness and/or intentional wrongful conduct of CONSULTANT, CONSULTANT'S agents, officers, employees, subcontractors, or independent contractors hired by CONSULTANT in the performance of the Agreement. The only exception to CONSULTANT'S responsibility to protect, defend, and hold harmless CITY, is due to the negligence, recklessness and/or wrongful conduct of CITY, or any of its elective or appointive boards, officers, agents, or employees.
- This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONSULTANT.
20. **Modification.** This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified only by subsequent mutual written agreement executed by CITY and CONSULTANT.
21. **Waiver.** All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the CITY and CONSULTANT.
22. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the central branch of the Orange County Superior Court.
23. **Interpretation.** This Agreement shall be interpreted as though prepared by both parties
24. **Preservation of Agreement.** Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS THEREOF, these parties hereto have caused this Agreement to be executed as of the date set forth opposite the respective signatures.

"CITY"
CITY OF GARDEN GROVE

Dated: _____, 2019

By: _____
City Manager

ATTEST

"CONSULTANT"

City Clerk

By: _____
Title: _____

Dated: _____, 2019

Dated: _____, 2019

APPROVED AS TO FORM:

If CONSULTANT/CONTRACTOR is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to CITY

Garden Grove City Attorney

Dated: _____, 2019

PROPOSAL FOR
ON-CALL GEOTECHNICAL SERVICES

Prepared for



THE CITY OF GARDEN GROVE
11222 ACACIA PARKWAY
GARDEN GROVE, CALIFORNIA 92842

Attention: Mr. Mark Uphus
Senior Civil Engineer

Submitted By:

ASSOCIATED SOILS ENGINEERING, INC.
2860 Walnut Avenue
Signal Hill, California 90755
(562) 426-7990 Phone
(562) 426-1842 Fax
www.associatedsoils.com

December 5, 2019

December 5, 2019
Proposal No. P19-137

City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92842

Attention: Mr. Mark Uphus
Senior Civil Engineer

Proposal for On-Call Geotechnical Services
City of Garden Grove, California

Ladies and Gentlemen:

In response to the Request for Proposal for On-Call Geotechnical Services (RFP), dated November 14, 2019, Associated Soils Engineering, Inc., is pleased to submit the attached Proposal for your consideration.

Associated Soils Engineering, Inc. (ASE) has provided geotechnical and engineering geologic investigation, design, materials testing and construction testing services for nearly four decades in Southern California and can use the vast experience, information and data gathered over the years to provide quick and cost-effective geotechnical solutions to your project. Our in-house laboratory is certified by The State of California Department of Transportation (Caltrans), AASHTO/CCRL and AMRL (Hot Mix Asphalt, Aggregate, Soil, & Portland Cement Concrete), the State of California Division of State Architect (DSA) and the City of Los Angeles. ASE is Certified as a SBE with the "Network" and City of Long Beach and as a SLBE with the City of Los Angeles.

ASE will provide exemplary engineering and geologic field exploratory and testing services. Our company will be 1) sensitive and responsive to directions from the City of Garden Grove (City) representative, 2) honest, forthright, and clear in billing and invoicing the City, and 3) dependable with respect to the execution of all project tasks.

Associated Soils Engineering, Inc. has carefully assembled a highly qualified team with the expertise, which allows us to offer a broad spectrum of geotechnical engineering, field exploration and laboratory testing services. ASE has the personnel and experience to provide the geotechnical services described in the Scope of Services of the RFP.

Our team has completed numerous projects for various municipalities (including Garden Grove) within southern California. All of these projects were performed in accordance with relevant federal, state and local codes and requirements pertaining to resident engineering design, laboratory testing, construction inspection, and specialty materials inspection and testing.

Associated Soils Engineering, Inc. is qualified to provide any Geotechnical Engineering, Engineering Geology and/or Materials Testing Services that the City may require. A copy of our Professional Fee Schedule for this project is included under separate cover. This Proposal and accompanying Fee Schedule are valid for at least through the end of the 2014 calendar year.

If there are any questions regarding this Statement of Qualifications, or if you desire additional information or clarification, please do not hesitate to call the undersigned at (562) 426-7990.

Respectfully Submitted,

ASSOCIATED SOILS ENGINEERING, INC.



Edward C. (Ted) Riddell
President, Principal Engineering Geologist
City's Point-of-Contact

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1.0 EXECUTIVE SUMMARY

Overview

The City of Garden Grove is seeking the services of a highly qualified firm having extensive experience in the field of geotechnical observation & testing, laboratory testing and material testing services in conformance with State and Federal laws and regulations. These services would be for “On-Call” services during ongoing and future construction within the City over the next three years.

ASE has the relevant firm experience and licensed team members to perform any geotechnical consulting services necessary in the City. Our staff has a sound understanding of public works and engineering practices, and the ability to translate technical knowledge into project design and comply with related guidelines and regulations. We will provide assurance that materials and workmanship incorporated into each project are in conformance with contract specifications. Therefore, only qualified engineers (RCE, RGE), geologists (PG, CEG) and engineering technicians (Caltrans Certified) using properly calibrated equipment will perform acceptance tests on materials incorporated into the projects.

Firm's Background Information (Company's History)

The firm of Associated Soils Engineering, Inc. (ASE), a California Corporation, was incorporated in 1974, in the State of California. ASE, headquartered in Signal Hill, California, has been in business for over 45 years providing services to many municipalities, school districts, as well as private industry throughout Southern California. These facilities are considered among the best in Southern California providing testing services for many competitors as well as for the in-house clients. **ASE's in-house laboratory has been certified by the State of California Department of Transportation (Caltrans – RSP #31) and accepted by Division of State Architect (DSA) under the Laboratory Evaluation and Acceptance program (LEA 224), as well as AASHTO/CCRL and AMRL (Hot Mix Asphalt, Aggregate, Soil, & Portland Cement Concrete) and the City of Los Angeles.**

Associated Soils Engineering, Inc. has a commitment to provide Geotechnical Engineering and soils and materials testing services with a high degree of professional excellence and proficiency. We strive to offer our clients individual attention and provide innovative solutions at a competitive cost, from our headquarters, located in Signal Hill, California. ASE has provided geotechnical design, material testing, and construction testing services for four decades in Southern California and can use the vast experience, information and data gathered over the years to provide quick and cost-effective geotechnical solutions to your project. ASE currently has 16 employees that work directly out of our headquarters in Signal Hill, California. Our staff includes the following professional technical staff recognized by the

State of California: two Certified Engineering Geologists; one Registered Geotechnical Engineer; and one Registered Civil Engineer. Each of our technicians is certified by Caltrans for a variety of field testing. Our business hours are Monday through Friday, 7:00 am to 5:00 pm, but personnel are available 24/7 by previous arrangement. ASE is legally permitted and licensed to conduct business in the State of California for the services offered. **ASE is recognized and certified by The Network and the City of Long Beach as a Small Business Enterprise (SBE) and the City of Los Angeles as a Small Local Business Enterprise (SLBE).**

2.0 EXPERIENCE

ASE has worked for many years for the City of Garden Grove performing exactly the types of geotechnical services outlined in the RFP. Just a few of the City personnel that ASE has worked with include Mark Uphus, Navin Maru, Nick Hsieh, Mike Santos, Digna de Los Reyes, David Entsminger, Myung Joon Chun, Ron Meislahn and Samuel King.

The following is a list of various recent and current clients requiring similar services performed. Our clients are our best testimonials, and we encourage the City to call upon them for a reference on our performance.

Project Description	Municipality/Contact Name
Street and Utility Replacement/Rehabilitation – Various Projects - Ongoing (Investigation, Design, Soils, Concrete and Asphalt Testing)	City of Bellflower 16600 Civic Center Drive Bellflower, California 90706 Mr. Jerry Stock (562) 804-1424
Citywide Pavement Design and Street Rehabilitation Projects - Ongoing (Investigation, Soils, Concrete and Asphalt Testing)	City of Lakewood, California 5050 N. Clark Avenue Lakewood, California 90712 Mr. Max Withrow (562) 866-9771
Street and Utility Replacement/Rehabilitation – Various Projects - Ongoing (Investigation, Design, Soils, Concrete and Asphalt Testing)	City of Seal Beach 211 8 th Street Seal Beach, California 90704 Mr. Michael Ho (562) 431-2527
Citywide Pavement Design and Street Rehabilitation Projects - Ongoing (Investigation, Soils, Concrete and Asphalt Testing)	City of Culver City Public Works Department 9770 Culver Boulevard Culver City, California 92842 Mr. Hong Wang (310) 253-5619

Project Description	Municipality/Contact Name
Geotechnical Investigations – Dozens of Various Sewer Design Projects over last several years (Geotechnical Investigations, Design, Soils and Asphalt Testing)	County Sanitation Districts of Los Angeles County 1955 Workman Mill Road Whittier, California 90601-1400 Mr. Michael Tatalovich (562) 699-7411
Street Rehabilitation Projects, 12 th Street, 14 th Street & Hussey Street – Completed March, 2014 (Investigation, Design, Soils, Concrete and Asphalt Testing)	Seal Beach Naval Weapons Station 800 Seal Beach Boulevard Seal Beach, California 90740 Mr. Glen Ellis (562) 626-7412
Utility Rehabilitation Projects - Ongoing (Soils Testing)	Crescenta Valley Water District 2700 Foothill Blvd. La Crescenta, California 91214 Mr. David Gould (818) 248-3925

Local, State & CBC Standards Experience

ASE has performed geotechnical investigations, observation and testing, laboratory testing, special inspections and material testing services in conformance with local, State (CalTrans, DSA, OSHPD & CBC) and Federal laws and regulations for dozens of municipalities throughout southern California. Our management personnel maintain membership in many professional organizations to stay up to date with Standard of Care issues and the latest advances in their relevant fields. These Professional Societies include, but are not limited to: California Geotechnical Engineers Association, American Society of Civil Engineers, Asphalt Pavement Association, Association of Engineering Geologists and Geological Society of America.

3.0 PERSONNEL

Executive, Project Management, & Accounting

The following key personnel have been assigned to assist the City with any upcoming projects. Our proposed team has the technical expertise and experience that exceeds the minimum requirements outlined in the RFP. ASE's current number of personnel totals 15 employees.

Associated Soils Engineering, Inc. has assembled a very experienced team based entirely out of our Signal Hill, California office. The team will be led by Principal-in-Charge, and Corona del Mar resident, **Edward C. (Ted) Riddell, P.G., C.E.G.**, with support from **Lawrence J.D. Chang, P.E., G.E.** Both are experienced in field investigation, engineering and geological analysis, and construction management with relevant projects.

Other key personnel include **John Whitney, P.G., C.E.G., Senior Project Geologist; Gary Martin, Project Engineer.** Our **Laboratory Manager, Donald Zike** has over 40 years experience with our company. Our **Accounting Department** is headed by **Tammy Aingworth** who has over 25 years of accounting experience and over 5 years with our company.

A brief summary of qualifications and relevant experience of key personnel identified is provided in the following pages. Copies of their detailed resumes are located in the attached Appendix B.

Project Billing

ASE promises to be honest, forthright, and clear in billing and invoicing. A copy of our current Professional Fee Schedule is enclosed in Appendix A. ASE will maintain the same rates throughout the first year of the contract and through at least the end of the 2019 calendar year.

Key Personnel

The following key personnel have been assigned to assist the City with any potential projects. Copies of the detailed resumes of the key personnel can be found in Appendix B.

Name	Office	Years Practicing	Project Responsibility
Edward C. (Ted) Riddell, P.G., C.E.G	ASE	34	President, Principal Geologist Principal-in-Charge
Lawrence J.D. Chang, R.C.E.	ASE	30	Senior Project Engineer
John Whitney, P.G., C.E.G	ASE	32	Senior Project Geologist
Donald Zike	ASE	41	Laboratory Manager
Gary Martin, B.S.	ASE	41	Project Engineer
Craig Weatherholt	ASE	32	Senior Engineering Technician
M. Oscar Blanco	ASE	30	Senior Engineering Technician
Phoc Nguyen	ASE	17	Senior Engineering Technician

Technical Management

Mr. Riddell, Project Manager or his designated Engineer/Geologist will attend all pre-construction and construction meetings. He will provide guidance and recommendations to the field staff. The Engineering Technician will implement all of the decisions made during the construction meetings. The field compaction procedures will be evaluated and recommendations made where appropriate. Guidance will be provided for the implementation of cost effective construction methods for achieving project milestones. ASE is typically able to staff any project within the City with a minimum 24 hour notice.

Preliminary Geotechnical Investigations & Testing

Associated Soils Engineering, Inc. provides preliminary subsurface investigations both as part of geotechnical engineering projects and as individual engineering geologic projects. These studies include assessments of geologic hazards such as landsliding and faulting, liquefaction, settlement, slope stability, excavation characteristics of rock units, and geologic characteristics of subsurface conditions, including downslope soil creep and subsidence.

Prior to start of construction, our field engineer will walk the construction site to obtain a personal knowledge of the work and verify that construction conforms to approved documents. He will inspect all work before it is covered or closed in as other construction work. ASE will provide specific services based on each specific project, if selected to serve the City. The following is a general description of our methodology for the range of services that we provide for typical projects and minimally incorporates the Scope of Services presented in the RFP:

- Supervision of all work by a registered Geotechnical Engineer and/or a Certified Engineering Geologist (depending on the work envisioned by the proposal).
- All soil technicians shall be certified by Caltrans for federal or state funded project.
- Perform subsurface exploration and analysis, including in-place moisture and density tests, laboratory maximum density and optimum moisture tests, sieve analysis, R-value determination, direct shear tests, consolidation or collapse tests, and other required tests.
- Review of existing geotechnical/geologic maps, reports and any other available related documents.
- Review project plans and specifications through the design process, with consideration of geotechnical issues such as materials testing and suitability.
- Provide geotechnical evaluation and recommendations on, including, but not limited to, grading, earthwork, settlement, surface and subsurface drainage, foundation/column/slab design, slope stability, pavement design, trench backfill, retaining wall design, environmental concerns, removal of unsuitable materials, etc.
- Investigate and analyze existing pavement conditions using pavement coring and soil borings and sampling. Pavement corings and soil and structural pavement sections to be considered for the project. ASE will record the pavement and base thicknesses of each coring and record in-situ soil type, weight, moisture content, relative compaction, etc., at a minimum 2 feet (2') and 5 feet (5') depth, or as recommended by the Geotechnical Engineer supervising the investigation. Boring logs shall be prepared and presented in a report along with all test results and recommendations for replacement

structural section, overlay thickness, and/or rehabilitative repair strategy. Consideration for the effect of any overlay recommendations upon the existing street profile, cross section and or highway drainage shall be addressed.

- Prepare and submit final geotechnical reports and logs of exploratory borings and results of laboratory testing.
- Prepare and submit scale plans showing locations and identifications of the borings and other required geotechnical information.
- Provide geotechnical support for full-depth reclamation process using the outline attached to the RFP for the Block Cracking Mitigation Procedure.
- Maintain proper safety practices and procedures, especially when working street and intersections.
- Prepare and perform all in-place/laboratory tests, sampling, and reports in accordance with Caltrans, FHWA and other applicable agency procedures, policies, regulations, requirements, and formats.
- Perform all duties in a manner that promotes the cost-effective execution and progress of construction on construction projects.
- Provide clear invoices with project name, number, purchase order number, date, limits and work performed.
- Notify Underground Service Alert prior to the start of any subsurface exploration work. The Consultant shall submit a traffic control plan to the City for review and obtain a permit to operate and conduct explorations within the public right-of-way.
- Obtain all necessary permits to enter and perform investigations on private properties from property owners, as required by the City.
- Provide asphalt batch plant inspection involving observation, testing and analysis for asphalt being delivered to Garden Grove jobs. ASE shall verify mix design aggregate gradation, determine binder content and stability values with written report within 48 hours.
- Alert project engineer immediately upon finding test results that fail to comply with material or testing requirements included in the project contract documents.
- Provide observation, documentation and recommendations for the processing of in-place cement treated base via full-depth reclamation. Any matters of concern will be promptly brought to the attention of the project engineer.

Additionally, ASE can provide office and field assistance during bidding and construction periods, if the need for such assistance arises. Associated Soils Engineering, Inc. (ASE) specializes in the application of engineering services to all aspects of various geotechnical evaluations.

Seismic Studies

Members of our staff and consultants team have performed Alquist-Priolo Special Seismic Zone studies for many of the faults in Southern California. These studies enable projects to be designed to accommodate and mitigate the presence of active and potentially active faults on numerous sites, which results in maximum utilization of land while incorporating seismic safety.

These studies provide seismic design criteria for many facilities including high-rise buildings, hospitals, dams, projects on ground susceptible to liquefaction and projects located on or adjacent to faults. The results of the seismic studies normally yields recommendations for mitigating earthquake hazards.

Evaluation of Excavation

Our engineering technician shall inspect and evaluate excavation of trenches and/or subgrade during any proposed improvements. When warranted, inspections will be supplemented by our Engineering Geologist or Professional Engineer. The objective of the inspection is to ensure that the excavation for the proposed structure has exposed competent material at the bottom. If excavation results in exposure of saturated, incompetent material at the bottom, proper remediation measures will be recommended. The sides of the excavation will be inspected for any seeping water. During field observation, a technician will observe maximum permissible length of open trench, maximum and minimum width of trench, and safe access to trenches, removal and replacement of surface improvements (curbs, sidewalk, driveways, AC pavements etc.) dewatering operations, and bracing excavation.

Evaluation of Imported Earth Material to be Used as Fill

The assigned engineering technician will collect samples of the proposed fill material and take them to the soils laboratory. Appropriate soil classification tests will be performed to determine whether the fill material meets project specifications. He/she will observe the condition of the imported materials. The presence of rocks, broken concrete, or other solid material that is larger than the specified dimension (generally 4 inches) shall be brought to the knowledge of the contractor for its replacement. The contractor shall be requested to break the clods or hard lumps of earth materials greater than the required dimension before compacting the material in fill.

Evaluation of Compaction Procedures

The technician shall also evaluate the compaction procedure of backfill of any excavations to ensure that the project specifications have been followed. He/she shall inspect to determine whether the fill material is being placed in horizontal layers and is compatible to the type of compacting equipment. The compactors used for achieving the right degree of relative compaction may be sheepfoot rollers, pneumatic-tired rollers, or any other mechanical equipment, compatible to the type of fill materials used for backfilling operations. The field technician will also inspect the moisture content of the fill material in order to ensure that the specified relative compaction is achievable with the inspected moisture content.

Testing of Compaction, Moisture Content, etc.

Our technician shall conduct compaction tests by Sand Cone Testing Method (ASTM D1556) and Nuclear Method (CAL 216/231, ASTM D 2922) to determine the relative compaction. Generally, a minimum of one compaction test will be conducted at every 300 feet of trench or lane of roadway, and backfill at 2 feet deep intervals depending upon the type of structure.

During the progress of our work, our engineering technician will prepare daily field reports. A copy of these reports will be submitted to the construction manager/resident engineer on a daily basis. The report will include a written summary of the day's activities, a summary of all field-testing performed, and a listing of outstanding failing tests which have not been reworked/retested. In addition, the location of all field density tests taken during the project will be plotted on a set of plans that is maintained by the field technicians on the site. The construction manager will be notified of any concrete breaking results which do not meet the required strength within 24 hours.

Testing time and the associated fees can be minimized by proficient and timely work by the Contractor and by coordination of the Project Manager with the Project Director, City Inspector, County Inspector and our team's Engineers and Technicians. When a larger number of tests are scheduled at one time, greater efficiency can be achieved, resulting in lower overall fees.

ASE assumes and expects that it is the contractor's responsibility to abide by all laws and regulations (CAL-OSHA) in providing for a safe workplace for site personnel. This includes, but is not limited to, providing shoring or other protective means necessary to allow our soils technician to safely perform the required work.

Special Inspection Services

Special Inspections will be conducted by our inspector to the satisfaction of District officials. Our special inspectors are qualified in Hot Mix Asphalt (HMA), structural steel, structural welding, structural masonry, batch plant inspection, rebar placement, epoxy anchors or dowel testing and piles installation operations. ASE will observe the work assigned for conformance to the approved design drawings and specifications. Our special inspectors will prepare inspection reports and submit to the City's representative. He/she will notify the Contractor of any discrepancy for correction. A final report, signed by the Engineer, stating the work is performed in conformance with the project specifications shall be submitted to the appropriate manager in charge.

Laboratory Testing

ASE's engineering technician will collect representative soil samples used for fill and backfill; and conduct laboratory testing to determine soil classification, maximum density and optimum moisture content, sand equivalent, and classification of aggregate base materials and bituminous paving mixtures to ensure compliance with the contract specifications and standards. Additionally, ASE has the personnel and experience to provide the laboratory testing and reporting services to comply with the Block Cracking Mitigation Procedure developed by the City and presented as an attachment to the RFP. **ASE's in-house laboratory has been accepted by the State of California Department of Transportation (Caltrans) and Division of State Architect (DSA) under the Laboratory Evaluation and Acceptance program (LEA 224), as well as AASHTO/CCRL and AMRL (Hot Mix Asphalt, Aggregate, Soil, & Portland Cement Concrete) and the City of Los Angeles.**

Our laboratory meets with applicable ASTM and Caltrans procedures. Some of the Laboratory tests offered include:

- Maximum Density-Optimum Moisture Determinations
- Consolidation Tests
- Direct Shear Tests
- Expansion Index Tests
- Sulfate Content Tests
- Atterberg Limits Determinations
- Sand Equivalent Tests
- R-Value Tests
- Sieve Analyses
- Hydrometer Analyses
- Specific Gravity Tests
- Permeability Tests
- Materials Testing

- Concrete Compression Testing
- CBR Test
- Asphalt Concrete Mix Design by Marshall or Stabilometer Method
- Field Density for Compacted Mix
- Extraction of Bituminous Materials
- Ignition Oven Determination of Various Types of Asphalt Binder Contents

Report Preparation

At the completion of our services for a given project, ASE will prepare a report that will summarize all of the work performed on the project. The report will include our observations during construction, results of our field and laboratory testing, and a conclusion as to the project's compliance with the contract plans and specifications. Four (4) copies of the final summary report containing full records and documentation of the geotechnical and field testing work performed will be provided.

Subcontractors

In the course of Geotechnical Investigations, ASE would often need to hire subcontractors for the boring excavations as well as for traffic control. Drilling companies often utilized by ASE include Choice Drilling, Inc., Martini Drilling, Inc. and Hamilton Drilling, Inc. for hollow stem auger drill rigs and Al-Roy Drilling, Inc. for bucket auger drill rigs. Traffic Control plans and onsite services are generally subcontracted to E-Nor Innovations, Inc. Occasionally it is desired to test soils for contamination. ASE utilizes Advanced Technology Laboratories (ELAP No. 1838) for lab testing and SCS Engineers Environmental Consultants if any environmental recommendations are needed.

4.0 FIRM RESOURCES / CAPABILITIES

ASE is uniquely qualified to provide the geotechnical services outlined in the RFP to the City of Garden Grove. Our team of Engineers and Geologists has over one hundred combined years of experience in all manner of geotechnical engineering, engineering geologic and material testing services. Within the last ten years ASE has provided geotechnical and material testing services on hundreds of municipal projects.

Current Workload

Currently, ASE has on-going and incoming projects of various workloads. ASE is capable of completing these tasks, as well as any incoming City tasks. ASE responds to our client's needs with planning and assigning a management team tailored to meet the specific requirements and deadlines of each project. To accomplish this goal, a project manager is assigned during proposal preparation, will be responsible for the day-to-day project activities and for planning, coordinating, scheduling, and meeting budget requirements. ASE has a commitment to

provide geotechnical Engineering services with a high degree of professional excellence and proficiency. ASE anticipates over the next 6 to 12 months expanding our personnel, as necessary, to accommodate any increase in workload due to incoming projects from the City.

Insurance

ASE maintains in full force and effect, insurance policies covering General Liability, Automobile Liability, Professional Liability and Worker's Compensation.

Contact Information

Name of Proposed Project Manager	Edward C. (Ted) Riddell
Name of Firm	Associated Soils Engineering, Inc.
Address	2860 Walnut Avenue Signal Hill, California 90755
Office Phone No	(562) 426-7990
FAX No	(562) 426-1842
Email	ted@associatedsoils.com

Corporate Information

Legal Name of Firm	Associated Soils Engineering, Inc.
Legal Entity	California Corporation
Federal Tax ID No	95-2896496
Company Owner	Edward C. (Ted) Riddell

APPENDIX A

PROFESSIONAL FEE SCHEDULE



ASSOCIATED SOILS ENGINEERING, INC. 2019 FEE SCHEDULE

ENGINEERING & TECHNICAL SERVICES (Rate per Test)

Principal Geotechnical Engineer/Geologist	\$ 175.00	Pile Inspector (Drilled/Driven/Tieback)	\$ 115.00
Project Engineer/ Geologist	\$ 155.00	Registered Deputy Inspector/Registered ICC Inspector	\$ 115.00
Staff Engineer/Geologist	\$ 135.00	ICC Registered Deputy Grading Inspector	\$ 90.00
Supervising Technician (Lab/Field)	\$ 110.00	Laboratory Technician	\$ 75.00
Field Technician	\$ 75.00	Technical Typist	\$ 70.00
Field Technician (Prevailing Wage)	\$ 120.00	Technical Illustrator	\$ 75.00
Field Support Services	\$ 70.00	Field/Lab Assistant	\$ 65.00
Office Services	\$ 70.00	Expert Witness (Preparation & Court – 4 hr. min.)	\$ 400.00

LABORATORY TESTING & CORING SERVICES (Rate Per Test)

Classification & Index Tests		Compaction & R-Value Tests	
Sand Equivalent (Cal 217 or ASTM D2419)	\$ 75.00	Max Density/Opt. Moisture ASTM D1557 (Method A and B)	\$ 170.00
Atterberg Limit (LL&PL per ASTM D4318-D84)	\$ 155.00	Max Density/Opt. Moisture ASTM D1557 (Method C)	\$ 180.00
Shrinkage Factors (ASTM D427)	\$ 100.00	Max Density/Opt. Moisture California 216	\$ 180.00
Sieve Analysis including Hydro (ASTM D422)	\$ 155.00	R-Value Natural Soil (Cal 301 or ASTM 2844)	\$ 260.00
Sieve Analysis – retained 200 mesh	\$ 95.00	R-Value Cement or Lime treated Soil(Cal 301 or ASTM 2844)	Quote
200 Wash	\$ 55.00	R-Value Aggregate Base (Cal 301 or ASTM 2844)	\$ 280.00
Moisture Content (ASTM D2216)	\$ 25.00	CBR (ASTM D1883) - Soil	\$ 320.00
Moisture Content & Dry Density – Ring (D2937)	\$ 40.00	CBR – Base	\$ 400.00
Moisture Content Dry Density – Shelby Tube	\$ 40.00	Consolidation & Expansion Tests	
Specific Gravity – Soil	\$ 130.00	Consolidation ASTM D2435 (Method A)	\$ 190.00
Strength Tests		Consolidation ASTM D2435 (Method B)	\$ 350.00
Direct Shear UU (1 point)	\$ 95.00	Time Rate per Load Increment	\$ 40.00
Direct Shear UU (3 points)	\$ 185.00	Expansion Index (2.5" Diameter Specimen)	\$ 115.00
Direct Shear CD (3 points)	\$ 215.00	Expansion Index (4.0" Diameter Specimen)	\$ 135.00
Unconfined Compression	\$ 265.00	Single Load Swell or Collapse Test	\$ 120.00
Residual Shear (3 Shear)	\$ 245.00	Asphalt Concrete Tests	
Soil Chemistry Tests		Mix Design by Marshall or Stabilometer Method	Quote
Sulfates	\$ 75.00	Field Density for Compacted Mix (Cal 308)	Quote
Chlorides	\$ 75.00	Thickness of Compacted Mix	\$ 35.00
Ph	\$ 75.00	Theoretical Max. Sp. Gravity & Density of Bituminous Mixtures (ASTM D 2071)	\$ 165.00
Resistivity	\$ 95.00	Extraction of Bitumen Mat., % Oil in mix (ASTM D2172, Meth. A)	\$ 155.00
Corrosivity Suite (So4, Cl, pH, Resistivity)	\$ 275.00	Maximum Density Determination (Cal 304, 2 pt. Avg.)	\$ 195.00
Diamond Coring		Stability Value (Cal 366) - 3 Points	\$ 260.00
2" to 6" Diameter	\$ 65.00	Extraction of Bitumen Material by Ignition Method	\$ 215.00
8" to 9" Diameter	\$ 80.00	Aggregate & Base Course Tests	
Hourly Charge Portal-to-Portal/Standby Time	\$ 165.00	Durability of Aggregate (Cal 229)	\$ 265.00
Minimum Charge ^e	\$ 330.00	Sieve Analysis, Fines Only (ASTM C136)	\$ 95.00
Compression Tests		Sieve Analysis, Fines & Coarse (ASTM C136 or (Cal 202)	\$ 130.00
Compression Test 6"x12" Cylinders incl Hold (ASTM C39) each	\$ 22.00	Cleaness Value CTM 227	\$ 140.00
Compression Test, 2", 4" and 6" Cores (ASTM C42) each	\$ 60.00	Sp. Gravity, Fine aggregate incl. % Absorption (ASTM C128)	\$ 140.00
Mortar Compression	\$ 25.00	Sp. Gravity, Coarse Aggregate incl. % Absorption (ASTM C127)	\$ 120.00
Grout Compression	\$ 35.00	Abrasion Resistance-LA Rattler, 100-500 rev. (ASTM C131)	\$ 220.00
Masonry Prisms	\$ 110.00		

BASIS OF CHARGES

Regular Hours: Monday to Friday-7:00 AM to 4:00 PM

Overtime Hours: 1.5 times regular rate over 8 hours per day, night shifts and Saturdays. 2 times regular rate on Sundays, Holidays and work days over 12 hours.

Minimum Charge: 2-hour minimum for show-up if not cancelled two (2) hours prior to arrival. 4-hour minimum if inspection is equal to or less than four (4) hours. Hours charged for all field work is computed on a portal-to-portal basis, and all portal-to-portal technician mileage is billed at \$0.56/per mile. Field work is billed on a time and material basis unless quoted otherwise.

Advance Notification: A *minimum* 24-hour lead time, excluding week-ends and public holidays, is required from the Client for any field or laboratory services requested.

On prevailing wage projects, **Technician Time must be scheduled 72 hours in advance** so that we comply with CA DIR law. Client must provide correct DIR number for project when project is scheduled.

Signature: If your site supervisor is not on site to sign our Technician's Daily reports, our technicians will write "not on site" on all reports **UNLESS** you have made other arrangements in advance. If you want our technician to wait/find a signator (including going to another site or returning at another time), you will be charged for the time at our regular hourly rate.

Laboratory test rates do not include time & material cost of obtaining samples. Outside equipment/services, if applicable, will be billed on the basis of our cost plus 15%.

Rush Laboratory Results require written client approval for Laboratory Technician overtime rates.

Engineering reports (up to 5 copies) shall be billed on a time and material basis with a minimum charge of \$400.00. Additional copies will be furnished at a cost of \$0.60 per page, plus \$10.00 for binding.

Fees charged are for professional and technical services and are due upon presentation. If not paid within thirty (30) days of invoice, they are considered past due and a finance charge of 1½% per month will be added to the unpaid balance (18% annual percentage rate).

APPENDIX B

RESUMES OF KEY PERSONNEL

EDWARD (TED) RIDDELL, P.G., C.E.G
PRESIDENT, PRINCIPAL GEOLOGIST

EDUCATION

B.A., Geological sciences, University of California, Santa Barbara, California, 1985

PROFESSIONAL REGISTRATIONS AND CERTIFICATIONS

Registered Geologist, California, # 5657
Certified Engineering Geologist, California, # 1775

QUALIFICATIONS AND EXPERIENCE

Mr. Riddell has over 30 years of experience in all phases of geotechnical projects. He has managed or worked on projects for public and private sectors including planning, geologic mapping, coordinating, conducting and writing of preliminary investigations, supervision, direction of field personnel and site inspections during grading to final drafting and report writing of completed projects.

Representative geotechnical projects that have been directed or managed by Mr. Riddell include:

- **City of Santa Fe Springs, Los Angeles County, California** – Project Manager/Engineering Geologist for Pavement Rehabilitation/Reconstruction of 10 Commercial/Light Industrial Streets, existing pavement evaluation & recommendations for rehabilitation or replacement, visual evaluation of pavements, coordinate AC coring and soil borings, analyze laboratory data, preparation of report including evaluation of subgrade soils, pavement overlays and new pavement sections.
- **City of Garden Gove, Orange County, California** – Project Manager/Engineering Geologist for Pavement Rehabilitation/Reconstruction of 8 City Streets varying from local residential streets to collectors and arterials, existing pavement evaluation & recommendations for rehabilitation or replacement, visual evaluation of pavements, coordinate AC coring and soil borings, analyze laboratory data, preparation of report including evaluation of subgrade soils, pavement overlays and new pavement sections.

EDWARD (TED) RIDDELL, R.G., C.E.G
PRESIDENT, PRINCIPAL GEOLOGIST

QUALIFICATIONS AND EXPERIENCE (continued)

- **City of Seal Beach, Orange County, California** – Project Manager/Engineering Geologist for Pavement Rehabilitation/Reconstruction of Beverly Manor Drive, existing pavement evaluation & recommendations for Full Depth Reclamation (FDR), coordinate AC coring and soil borings, analyze laboratory data, preparation of report including evaluation of subgrade soils, pavement overlays and new pavement sections, followed by management of the operations of the geotechnical personnel (field & Lab) during the reclamation and new pavement overlay for the project.
- **La Habra, Orange County, California** - As project geologist, Mr. Riddell performed a geotechnical investigation for a 400+ acre master planned residential/golf community on a former oil field, followed by management of the operations of the geotechnical personnel during the rough grading of the project. Duties during grading included field geologic mapping, large ancient landslide complex removals and stabilization, slope stability analyses, in-grading recommendations for remedial grading, and preparation of geotechnical reports and geologic maps.
- **Rancho Mission Viejo, Orange County, California** - As project geologist, Mr. Riddell performed a geotechnical investigation for a sand and gravel mining operation. The investigation was done to determine the extent of the remaining minable material as well as a geotechnical review of the potential reclamation plan. Mr. Riddell utilized field geologic mapping, subsurface analyses and seismic refraction surveys in preparing the analyses.

PROFESSIONAL HISTORY

President, Principal Engineering Geologist, Associated Soils Engineering, Inc.,
Signal Hill, California
Staff and Project Geologist, GeoSoils, Inc., Santa Ana, California

PROFESSIONAL SOCIETIES

Association of Engineering Geologists
South Coast Geologic Society
California Geotechnical Engineers Association
Asphalt Pavement Association

EDUCATION

PhD. Candidate Geotechnical Engineering, Nanyang Technological University, Singapore, 1997

M.S. Geotechnical Engineering, University of California, Davis, 1988

B.S. Civil Engineering, Chung Yuan Christian University, Taiwan, 1983

QUALIFICATIONS AND EXPERIENCE

- **Associated Soils Engineering, Inc. (ASE), Signal Hill, CA** – Supervision and management of soils and materials testing laboratory; implementation and enforcement of QC policy; review and certification of QC & QA testing and inspection documents; field inspection, certification and evaluation; roadway pavement design.

Management/involvement of highway/roadway construction projects such as City of Cerritos Roadway Rehabilitation Project, City of Hawthorne Municipal Airport Roadway Rehabilitation, Fed Ex-LA Hub Pavement Rehabilitation, City of Bellflower Municipal Improvement Project, Rowland Water District Capital Improvement Project, master-planned subdivision developments.

- **Testing Engineers, Santa Ana** – Co-ordination & supervision of project implementation & budget, geotechnical site investigation, engineering analysis & report writing presentation and negotiation of project proposals and contracts with clients. Management/involvement of projects such as Ynez Bridge Widening in Temecula, Santa Clarita Medical Building in Santa Clarita, Marion Knotts Studio/Athletic Field/Parking Structure/Student Residence at Chapman University in Orange, Saugus High School in Santa Clarita, The Crossing Church in Costa Mesa, Fed Ex Ground- L A Hub Pavement Rehabilitation in Los Angeles, Harbor Blvd. Rehabilitation in La Habra, Sewer Main Replacement in Canyon Lake, First American Capital Development in Santa Ana, and Gym Expansion at Biola University in La Mirada.
- **Synergy World Group Ltd., Taiwan** – Overall project co-ordination, administrative, personnel and budgetary responsibility of geotechnical and geo-environmental projects in Malaysia and Greater China. Initiation, compilation, presentation and negotiation of project proposals or contracts for residential, commercial, industrial and infrastructure projects. Geotechnical & geo-environmental value engineering study & appraisal. Participation of projects such as TAIPEI 100 Building, Taiwan High-Speed Railroad Project, and North-South Highway Slope Stabilization in Malaysia.
- **RoyalHub Pte. Ltd., Singapore** – Infrastructure project proposals and planning for government agencies. Township planning & construction in China incorporating advanced geotechnical and geo-environmental engineering features. R&D project leader in re-utilization of recycled industrial wastes for geotechnical application.
- **Shin Hwa Cheong Development. Co. Pte. Ltd, Singapore** – Overall in charge of planning, design, and construction phases of various commercial and residential projects in Singapore, Malaysia and China. Development of innovative construction method in deep excavation in very soft clay.

- **Professional Service Industries, Inc., San Diego** – Participation as project engineer in projects such as Denver International Airport, Orange County Juvenile Court and Detention Facility, Camp Pendleton Marine Corp Base, hospitals in Azusa and Thousand Oaks, Hesperia High School in Riverside, golf resort in Rancho Mirage, New Civic Center in Escondido, and San Francisco International Airport Expansion.
- **American Engineering Lab., Inc. San Diego** – Participation of on-site drilling, sampling and logging, pile driving inspection (both land and marine based), caisson drilling inspection, fill earth compaction testing, laboratory testing result analysis and geotechnical investigation report writing, groundwater percolation sampling & monitoring.

JOHN R. WHITNEY, P.G., C.E.G
SENIOR PROJECT GEOLOGIST

EDUCATION

B.S., Geology, California Lutheran University
Post-Graduate Studies, California State University, Los Angeles

PROFESSIONAL REGISTRATIONS AND CERTIFICATIONS

Professional Geologist, California, #6661
Certified Engineering Geologist, California, #1929

QUALIFICATIONS AND EXPERIENCE

Mr. Whitney, a registered engineering geologist with over 30 years of professional geotechnical experience, specializes in geotechnical investigations, construction observation and structural distress investigations. He has worked on or managed a wide range of geotechnical projects involving private and public sector clients in Ventura, Los Angeles, Orange, San Bernardino, Riverside, and San Diego Counties. Projects have included residential and commercial development, water tanks, earth dams, and distressed ground stabilization. Mr. Whitney is regularly involved in development projects from early conceptual stages through final construction stages.

- As soils technician and field, staff and project geologist, observed and tested fill placement, performed geologic observations, provided remedial grading recommendations, managed field personnel, directed materials testing/inspections, and prepared final geotechnical reports. Projects have included residential development, commercial buildings, schools and dams. Many of these projects have involved earthwork in excess of one million cubic yards each.
- As field, staff and project geologist, managed and performed preliminary geotechnical investigations designed to identify and develop mitigation recommendations for landslides, earthquake faulting, liquefaction, ground settlement, high groundwater tables, and other geologic hazards. The work performed included geologic field mapping, aerial photograph analysis, exploratory excavations (borings and trenches), and geophysical remote sensing; interpretation of field data collected; and the preparation of reports, geologic maps and cross sections. The above work has been performed for single-family residential, large residential tract developments, commercial buildings, schools, hospitals, and public works projects.

JOHN R. WHITNEY, R.G., C.E.G
SENIOR PROJECT GEOLOGIST

QUALIFICATIONS AND EXPERIENCE (continued)

- Performed slope distress investigations, including surficial failures and landslides, to determine cause and recommendations for repair.
- Performed structural distress investigations for residential and commercial buildings to determine cause of distress and recommendations for repair.

PROFESSIONAL HISTORY

Senior Project Geologist, Associated Soils Engineering, Inc., Signal Hill
Associate Geologist, Petra Geotechnical, Inc., San Diego and Costa Mesa
Soils Technician, Staff and Project Geologist, GeoSoils, Inc., Santa Ana

PROFESSIONAL SOCIETIES

Association of Engineering Geologists
South Coast Geologic Society
San Diego Association of Geologists

GARY L. MARTIN
PROJECT ENGINEER

EDUCATION

B.S., Geology, California State University, Long Beach, 1984

PROFESSIONAL EXPERIENCE

Mr. Martin has experience pertaining to varied phases in the field of Geotechnical Engineering. His background includes, engineering studies relative to conventional and deep foundations for commercial/industrial/residential buildings, subterranean construction, retaining structures, new slope construction and stabilization, pipelines, asphaltic and portland cement concrete pavement design, on site sewage disposal systems, evaluation and soil related distress to structures and foundations, and preparation of report.

Additional experience ranges from Geotechnical site reconnaissance, laboratory testing and subsurface soil exploration.

- As Project Engineer with Associated Soils Engineering, Inc., Mr. Martin is involved in planning of site subsurface soil explorations, scheduling of field and laboratory work, engineering evaluation and analysis, and preparation of reports presenting the results of our findings and recommendations. Mr. Martin has been with the firm of Associated Soils Engineering, Inc. since 1977.

PROFESSIONAL HISTORY

Project Engineer, Associated Soils Engineering, Inc., Long Beach, California

DONALD ZIKE
LABORATORY MANAGER

EDUCATION

Lakewood High School – 1976
Long Beach City College – General Studies (2 ½ Years)

PROFESSIONAL CERTIFICATIONS

AMRL Accreditation	CCRL Accreditation
CCRL & AMRL Proficiency Sample Programs	ACI Concrete Strength Tech
Caltrans Reference Sampling Program	Asphalt Pavement Association

PROFESSIONAL EXPERIENCE

1985 to Present Associated Soils Engineering, Inc.

Laboratory Supervisor: Oversees and performs the physical testing of soils and aggregates for use in designing structural elements for building purposes, asphaltic concrete, PCC; (Pacific Coast Concrete), and ballast material. Responsible for training laboratory technicians in performance of laboratory tests, and keeping up with CCRL and AMRL accreditations.

1978 to 1983 Laboratory Technician: Perform physical testing of soils and aggregates as directed by the Laboratory Supervisor. Train in duties of field compaction control technician and asphaltic concrete batch plant inspection and quality control.

1977 to 1978 Draftsman: Perform all drafting duties – Plot Plans, Consolidation and Sieve Analysis Graphs, Slope Stability Sections. Minor clerical duties. Train in duties of Laboratory Technician

CRAIG WEATHERHOLT
SENIOR FIELD TECHNICIAN

PROFESSIONAL CERTIFICATIONS

CAL OSHA 40hr. Certified
Nuclear Gauge Certified
Caltrans Certified
ACI Certified
City of Irvine – Asphalt Certified

PROFESSIONAL EXPERIENCE

- 1996 – Present** **Associated Soils Engineering, Inc.**
2860 Walnut Avenue
Signal Hill, California 90755
Senior Soils Field Technician – Primary job duties - Soil backfill observation and compaction testing (Nuclear Certified), footing inspection, pile inspection, lagging and shoring inspection, asphalt plant inspection, asphalt laydown inspection, commercial grading, utility trench and street compaction testing, Haz Mat certified (40 hour Hazwoper), in-lab soil testing, concrete and slump testing, ACI certified for concrete sampling and testing, SNSF metrolink UP/SP trained.
- 1991 – 1996** During this time out of necessity I helped with the care of my daughter who has special needs. To help with expenses, worked part-time with several companies listed below:
Robert's Construction Co. – Primary job duties – general labor.
Joe Logan Trucking – Primary job duties – loading & unloading trucks.
Green Meadows Farm Productions – Primary job duties – tour guide.
- 1987 – 1990** **Geo Soils, Inc.**
6634 Valjean Avenue
Van Nuys, California 91406
Senior Soils Technician – Primary job duties – Fill control, compaction testing, hillside grading, report preparation, certified nuclear gauge operator, site inspections for drilling access, footing, caisson, wall and drain inspections.
- 1979 – 1986** **Soils & Geology, Inc. (Formerly Triad Foundation Engineering)**
City of Industry, California
Laboratory Manager – Primary job duties – Delegated and distributed work to assistants, scheduled testing, responsible for program completion, logged all paper, ran R-Values, consolidation and shear tests, classified boring samples, took moisture and density calculations.
Laboratory and Field Technician – Primary job duties – Fill control and density test (sand cone), concrete sampling – slump test and compression testing, mortar, grout, cinderblock and other core samples, maximum density and expansion indexes, sieves and mechanical analysis, permeability tests and liquid limit, sand equivalent test and specific gravity's.

PROFFESIONAL CERTIFICATIONS:

Nuclear Gauge Certified
ACI Certified
City of Irvine – Asphalt Certified

PROFESSIONAL EXPERIENCE:

June 1999 – **ASSOCIATED SOILS ENGINEERING, INC.**
Present 2860 Walnut Avenue
Signal Hill, California 90755

SENIOR SOIL TECHNICIAN – Primary job duties - Soil backfill observation and compaction testing, footing inspection, asphalt plant inspection, asphalt laydown inspection, commercial grading, utility trench and street compaction testing, in-lab soil testing, concrete and slump testing.

PUBLIC WORKS INSPECTOR & PROJECT MANAGEMENT

October 1998 – **SOILS AND GEOLOGY**
May 1999 City of Industry, California

SOIL TECHNICIAN – LAB TECHNICIAN – Soil compaction testing, sampling, observation and supervision of contractors, various lab procedures performed. Trained other employees proper procedures.

June 1988 – **NEBLETT & ASSOCIATES -**
September 1988 Huntington Beach, California

SOIL TECHNICIAN – LAB TECHNICIAN – Various laboratory procedures performed, soil sampling by ways of hand auger and drill rig.

SUMMARY OF QUALIFICATIONS:

Management and coordination on construction projects and crews in commercial and residential developments. Extensive contact with Government agencies and regulations of building codes and standard specifications for both on site and off-site construction. Knowledge of current codes and regulations of the American Standard Testing Method (ASTM). Certified with the State of California for Construction Inspectors, and Caltrans to run lab and fill test for concrete, soil, Asphalt, Certification to use Nuclear Gauges. Good communication and writing skills.

CONSULTANT AGREEMENT

THIS AGREEMENT is made this **17th** day of **December** 2019, by the CITY OF GARDEN GROVE, a municipal corporation, ("CITY"), and GMU Geotechnical, a California Corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to Garden Grove Council authorization dated December 17, 2019.
2. CITY desires to utilize the services of CONSULTANT to provide On-Call Geotechnical Services.
3. CONSULTANT is qualified by virtue of experience, training, education and expertise to accomplish services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term of Agreement:** This Agreement shall cover services rendered from date of this Agreement until compensation reaches the not to exceed amount or sooner terminated per Section 3.5
2. **Services to be Provided:** The services to be performed by CONSULTANT shall consist of the services as further specified in CONSULTANT'S proposal attached hereto as Exhibit ____ and incorporated herein by reference. CONSULTANT agrees that is provision of Services under this agreement shall be within accepted accordance with customary and usual practices in CONSULTANT'S profession. By executing this Agreement, CONSULTANT warrants that it has carefully considered how the work should be performed and fully understands the facilities, difficulties, and restrictions attending performance of the work under this agreement.
3. **Compensation.** CONSULTANT shall be compensated as follows:
 - 3.1 **Amount.** Compensation under this Agreement shall be per fee schedule included in the Proposal.
 - 3.2 **Not to Exceed.** Compensation under this Agreement shall not exceed \$300,000.00
 - 3.3 **Payment.** For work under this Agreement, payment shall be made per monthly invoice. For extra work not a part of this Agreement, a written authorization by CITY will be required.

- 3.4 Records of Expenses. CONSULTANT shall keep complete and accurate records of payroll costs, travel and incidental expenses. These records will be made available at reasonable times to CITY.
- 3.5 Termination. CITY and CONSULTANT shall each have the right to terminate this Agreement, without cause, by giving thirty-(30) days written notice of termination to the other party. If CITY terminates the project, then the provisions of paragraph 3 shall apply to that portion of the work completed.

4. **Insurance Requirements**

- 4.1 Commencement of Work CONSULTANT shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the CITY. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the CITY of any material change, cancellation, or termination at least thirty (30) days in advance.
- 4.2 Workers Compensation Insurance For the duration of this Agreement, CONSULTANT and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law, if applicable. The insurer shall waive its rights of subrogation against the CITY, its officers, officials, agents, employees, and volunteers.
- 4.3 Insurance Amounts CONSULTANT shall maintain the following insurance for the duration of this Agreement:
- a) Commercial general liability in the amount of \$1,000,000 per occurrence; (claims made and modified occurrence policies are not acceptable); Insurance companies must be admitted and licensed in California and have a Best's Guide Rating of A-, Class VII or better, as approved by the CITY;
 - b) Automobile liability in the amount of \$1,000,000 per occurrence; (claims made and modified occurrence policies are not acceptable) Insurance companies must be admitted and licensed in California and have a Best's Guide Rating of A-, Class VII or better, as approved by the CITY.
 - c) Professional liability in the amount of \$1,000,000 per occurrence; Insurance companies must be acceptable to CITY and have an AM Best's Guide Rating of A-, Class VII or better, as approved by the CITY. If the policy is written on a "claims made" basis, the policy shall be continued in full force and effect at all times during the term of the agreement, and for a period of three (3) years from the date of the completion of services provided. In the event of termination, cancellation, or material change in the policy,

professional/consultant shall obtain continuing insurance coverage for the prior acts or omissions of professional/consultant during the course of performing services under the term of the agreement. The coverage shall be evidenced by either a new policy evidencing no gap in coverage, or by obtaining separate extended "tail" coverage with the present or new carrier.

An Additional Insured Endorsement, **ongoing and completed operations**, for the policy under section 4.3 (a) shall designate CITY, its officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the CONSULTANT. CONSULTANT shall provide to CITY proof of insurance and endorsement forms that conform to city's requirements, as approved by the CITY.

An Additional Insured Endorsement for the policy under section 4.3 (b) shall designate CITY, its officers, officials, employees, agents, and volunteers as additional insureds for automobiles owned, lease, hired, or borrowed by CONSULTANT. CONSULTANT shall provide to CITY proof of insurance and endorsement forms that conform to CITY's requirements, as approved by the CITY.

For any claims related to this Agreement, CONSULTANT's insurance coverage shall be primary insurance as respects to CITY, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the CITY, its officers, officials, employees, agents, or volunteers shall be excess of the CONSULTANT's insurance and shall not contribute with it.

If CONSULTANT maintains higher insurance limits than the minimums shown above, CONSULTANT shall provide coverage for the higher insurance limits otherwise maintained by the CONSULTANT.

5. **Non-Liability of Officials and Employees of the CITY.** No official or employee of CITY shall be personally liable to CONSULTANT in the event of any default or breach by CITY, or for any amount, which may become due to CONSULTANT.
6. **Non-Discrimination.** CONSULTANT covenants there shall be no discrimination against any person or group due to race, color, creed, religion, sex, marital status, age, handicap, national origin or ancestry, in any activity pursuant to this Agreement.
7. **Independent Contractor.** It is understood and agreed that CONSULTANT, including CONSULTANT's employees, shall act and be independent contractor(s) and not agent(s) or employee(s) of CITY, and that no relationship of employer-employee exists between the parties. CONSULTANT's assigned personnel shall not obtain or be entitled to any rights or benefits that accrue to, or are payable to, CITY employees, and CONSULTANT shall so inform each

employee organization and each employee who is hired or retained under this Agreement. CITY is not required to make any deductions or withholdings from the compensation payable to CONSULTANT under the provisions of this Agreement, and is not required to issue W-2 Forms for income and employment tax purposes for any of CONSULTANT's assigned personnel. CONSULTANT hereby expressly assumes all responsibility and liability for the payment of wages and benefits to its assigned personnel, and all related reporting and withholding obligations. CONSULTANT hereby agrees to indemnify and hold CITY harmless from any and all claims or liabilities that CITY may incur arising from any contention by any third party, including, but not limited to, any employee of CONSULTANT or any federal or state agency or other entity, that an employer-employee relationship exists by reason of this Agreement, including, without limitation, claims that CITY is responsible for retirement or other benefits allegedly accruing to CONSULTANT's assigned personnel.

8. **Compliance With Law.** CONSULTANT shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government. CONSULTANT shall comply with, and shall be responsible for causing all contractors and subcontractors performing any of the work pursuant to this Agreement, if any, to comply with, all applicable federal and state labor standards, including, to the extent applicable, the prevailing wage requirements promulgated by the Director of Industrial Relations of the State of California Department of Labor. The City makes no warranty or representation concerning whether any of the work performed pursuant to this Agreement constitutes public works subject to the prevailing wage requirements.
9. **Disclosure of Documents.** All documents or other information developed or received by CONSULTANT are confidential and shall not be disclosed without authorization by CITY, unless disclosure is required by law.
10. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.
11. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.
12. **Notices.** All notices shall be personally delivered or mailed to the below listed addresses, or to such other addresses as may be designated by written notice. These addresses shall be used for delivery of service of process.

(a) Address of CONSULTANT is as follows:

Roger Schlierkamp
GMU Geotechnical
23241 Arroyo Vista
RSM, CA 92688

(b) Address of CITY is as follows (with a copy to):

Engineering:
City of Garden Grove
P.O. Box 3070
Garden Grove, CA 92840

City Attorney
City of Garden Grove
P.O. Box 3070
Garden Grove, CA 92840

13. **CONSULTANT'S Proposal.** This Agreement shall include CONSULTANT'S proposal, Exhibit "A" hereto, which shall be incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.
14. **Licenses, Permits and Fees.** At its sole expense, CONSULTANT shall obtain a **Garden Grove Business License**, all permits and licenses as may be required by this Agreement.
15. **Familiarity With Work.** By executing this Agreement, CONSULTANT warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the facilities, difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any latent or unknown conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY of this and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.
16. **Time of Essence.** Time is of the essence in the performance of this Agreement.
17. **Limitations Upon Subcontracting and Assignment.** The experience, knowledge, capability and reputation of CONSULTANT, its principals and employees were a substantial inducement for CITY to enter into this Agreement. CONSULTANT shall not contract with any other entity to perform the services required without written approval of the CITY. This Agreement may not be assigned voluntarily or by operation of law, without the prior written approval of CITY. If CONSULTANT is permitted to subcontract any part of this Agreement, CONSULTANT shall be responsible to CITY for the acts and omissions of its subcontractor as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and CITY. All persons engaged in the work will be considered employees of CONSULTANT. CITY will deal directly with and will make all payments to CONSULTANT.

18. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the parties are formally bound.
19. **Indemnification.** To the fullest extent permitted by law, CONSULTANT agrees to protect, defend, and hold harmless CITY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damages of any nature, including interference with use of property, arising out of, or in any way connected with the negligence, recklessness and/or intentional wrongful conduct of CONSULTANT, CONSULTANT'S agents, officers, employees, subcontractors, or independent contractors hired by CONSULTANT in the performance of the Agreement. The only exception to CONSULTANT'S responsibility to protect, defend, and hold harmless CITY, is due to the negligence, recklessness and/or wrongful conduct of CITY, or any of its elective or appointive boards, officers, agents, or employees.
- This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONSULTANT.
20. **Modification.** This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified only by subsequent mutual written agreement executed by CITY and CONSULTANT.
21. **Waiver.** All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the CITY and CONSULTANT.
22. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the central branch of the Orange County Superior Court.
23. **Interpretation.** This Agreement shall be interpreted as though prepared by both parties
24. **Preservation of Agreement.** Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS THEREOF, these parties hereto have caused this Agreement to be executed as of the date set forth opposite the respective signatures.

"CITY"
CITY OF GARDEN GROVE

Dated: _____, 2019

By: _____
City Manager

ATTEST

"CONSULTANT"

City Clerk

By: _____
Title: _____

Dated: _____, 2019

Dated: _____, 2019

APPROVED AS TO FORM:

If CONSULTANT/CONTRACTOR is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to CITY

Garden Grove City Attorney

Dated: _____, 2019



City of Garden Grove

Proposal to Provide On-Call Geotechnical Services

December 5, 2019

Submitted by:
GMU
23241 Arroyo Vista
Rancho Santa Margarita, CA 92688
949-888-6513
GMU Proposal No. P-19198



December 5, 2019

Mr. Mark Uphus, P.E.
Senior Civil Engineer
CITY OF GARDEN GROVE
11222 Acacia Parkway
P.O. Box 3070
Garden Grove, CA 92842

GMU Proposal P-19198

Subject: Proposal to Provide On-Call Geotechnical Services, City of Garden Grove, California

Reference: "Request for Proposal for On-Call Geotechnical Services", distributed November 14, 2019.

Dear Mr. Uphus:

GMU is pleased to submit our proposal to provide On-Call Geotechnical Services. With over 50 years of experience in the Southern California area and as a small business enterprise (SBE), GMU is able to reliability, efficiently, and effectively provide the scope of work described in the referenced RFP. GMU possesses extensive experience in the design and construction of numerous public works projects including geotechnical/pavement evaluation & design, laboratory testing, and construction observation/testing services.

GMU currently serves as a Geotechnical/Pavement Engineering Consultant and provides services for the Cities of:

- | | | |
|-----------------|--------------------|-----------------------|
| • Aliso Viejo | • Lake Forest | • San Juan Capistrano |
| • Buena Park | • La Habra Heights | • Santa Fe Springs |
| • Chino Hills | • Newport Beach | • Torrance |
| • Dana Point | • Mission Viejo | • Westminster |
| • Irvine | • Orange | |
| • Laguna Hills | • Rancho Santa | |
| • Laguna Niguel | Margarita | |

We also provide on-call services for the County of Orange and the County of Los Angeles.

Our website, www.gmugeo.com, offers a virtual tour of GMU and an overview of some of GMU's projects.

Mr. Mark Uphus, **CITY OF GARDEN GROVE**
Proposal for On-Call Geotechnical Services

We appreciate the opportunity to provide this proposal and look forward to future opportunities to work with the City of Garden Grove. Please do not hesitate to call if you have any questions regarding this proposal.

Submitted,
GMU



Gregory Silver, M.Sc., PE, GE
President / CEO
Principal Engineer
gsilver@gmugeo.com
(c) 949-633-0617

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Introduction

GMU is a Small Business Enterprise (SBE) with over **50 years of experience**. Previously known as GMU Geotechnical, Inc., GMU has established a reputation for reliability, innovation, accuracy, efficiency, and excellent service, resulting in reduced cost, reduced man-hours spent on scheduling or project coordination, and reduced risk for our clients. These clients choose to maintain long-term relationships with us because of the benefits of our reputation and experience. Our clients include City, County, and other public agencies in addition to private owners, developers, and contractors. Shareholders of GMU consists of three (3) engineers or geologist that are active in the daily operation of the company, including performing and managing geotechnical and pavement design or construction projects.



GMU is a full-service geotechnical engineering firm offering a variety of geotechnical engineering services as well as a list of specialty services that complement our geotechnical engineering capabilities, outlined as follows:

- **Geotechnical Engineering and Engineering Geology**
 - *5 Registered Geotechnical Engineers and 4 Certified Engineering Geologists, supported by numerous Senior Staff and Staff Engineers and Geologists*
 - *Experience ranging from Master Planned Communities to Landslides to Bridges and Public Works Structures to Roadways to High Rise Structures.*
- **Structural Engineering for Retaining Structures and Shoring**
 - *Structural and geo-structural designs for: conventional retaining walls, soil nail walls, soldier pile walls, and MSE walls*
- **Soils and Materials Laboratory Testing**
 - *Certified by: County of Orange, Caltrans, AASHTO/AMRL, DSA*
- **Geotechnical (Soils) Inspection / Special Inspection**
 - *Geotechnical Engineering technicians dedicated to Public Works-related projects with experience ranging from 10 to 25 years and Caltrans Certified.*

- *Full range of special inspection capabilities (see Statement of Services)*
- *Most geotechnical inspectors possess dual special inspection capabilities*

- **Pavement Engineering**

- *Pavement Engineering group led by Roger Schlierkamp, M.Sc., PE, Director of Pavement Engineering*
- *Dave Atkinson with over 20 years of pavement experience in Orange County*



- **Construction Management and Monitoring**

- *Group led by Mike Moscrop, PE, GE, Vice President*
- *Includes: Construction vibration monitoring, construction monitoring, and construction management advisory*
- *30+ year history with monitoring hillside land movement.*

- **Forensic Engineering and Expert Witness Consultation**

- *30+ year history of providing forensic engineering and expert witness consultations.*

- **Geotechnical Instrumentation**

GMU is an award-winning firm recognized by ASCE, CELSOC, and CalGeo. Please see our website (www.gmugeo.com/awards) for a summary.

General City/Municipality Experience

GMU and its staff have a long history providing services to Cities and various municipalities throughout Southern California.

Select List of Current City/Municipality Work

- County of Los Angeles – *On-call pavement engineering as well as pavement inspection and testing.*
- County of Orange – *Consistently ranked either the top or one of the top three geotechnical firms in Orange County*
- City of Mission Viejo – *Providing pavement design and construction observation/testing services, along with geotechnical reviews.*
- City of Laguna Niguel – *City's geotechnical consultant for over 20 years*

- City of Lake Forest – *City QA/QC services and consultation on public works projects*
- City of Buena Park – *Public works projects.*
- City of Rancho Santa Margarita – *City Geotechnical and Pavement Engineering Consultant since 2005 for both reviews and public works projects.*
- City of Dana Point – *Public works projects and pavement engineering/testing.*
- City of Aliso Viejo – *Public works projects and pavement engineering/testing.*
- City of Laguna Hills – *City geotechnical consultant providing public works design consulting.*
- City of Chino Hills – *City geotechnical services providing both plan check and design level services as well as inspection services.*
- City of Newport Beach – *City geotechnical consultant providing: geotechnical design, pavement engineering, pavement testing and inspections, forensic/expert witness consulting, and QA/QC services for major public works projects.*

Scope of Services

GMU understands that the City of Garden Grove is seeking various professional consulting services.

A brief overview of our proposed services is summarized as follows. **All work is supervised by a registered geotechnical engineer, civil engineer, and/or a registered engineering geologist, depending on the work being performed.**

Our duties will be performed in a manner that promotes the cost-effective execution and progress during construction projects.

Clear invoicing will be submitted and will include the following information:

- Project name and identification number;
- Purchase order number;
- Invoice date and work dates; and
- Work performed.

Construction Observation and Testing Services

During construction, GMU's Senior Engineering Technicians (Soil Technicians) will perform field observations and testing of materials being constructed. Soil technicians performing observation, testing, and sampling are certified by Caltrans.

Geotechnical support will be provided during the full-depth reclamation and cement treatment process, including performing the City of Garden Grove's Block Cracking Mitigation Procedures.

Plant technicians will perform asphalt concrete plant inspections and materials sampling to verify conformance of the material with the mix design.

Proper field safety practices and procedures will be maintained, especially when working near streets and intersections.

A sample list of certifications for certain technicians that we expect to perform work for this on-call is presented in **Appendix D**.

Geotechnical Engineering for Public Works Projects

GMU currently provides services to the Cities of Laguna Niguel, Laguna Hills, Dana Point, Rancho Santa Margarita, Irvine, Newport Beach, Mission Viejo, Buena Park, Aliso Viejo, Westminster, Torrance, Santa Fe Springs, La Habra Heights, Chino Hills, and more which have included geotechnical investigation, design, and report services for vertical, horizontal, and underground City capital improvement projects.

These projects range from civic center complexes and pedestrian bridges to lift stations with supporting underground utility pipelines. Evaluations include the review of existing geotechnical maps and reports, initial investigation, lab testing, geotechnical analysis, and report preparation with recommendations for grading, earthwork, settlement, surface and subsurface drainage, foundation/column/slab design, slope stability, pavement design, trench backfill, retaining wall design, environmental concerns, removal of unsuitable materials and more.

Throughout the design process, GMU will review project plans and specifications with consideration of geotechnical issues, such as suitability of existing soils and materials testing.

Pavement Engineering - Rehabilitation and Design

GMU offers specialized technical expertise and experience in performing pavement evaluations and developing *cost-effective* pavement repair recommendations. GMU's typical approach to pavement evaluation generally consist of the following procedures:

- **Visual Pavement Surface Condition Assessment** – Identification of pavement distress types, severity levels, and extent in order to assess deterioration mechanisms and develop pavement repair recommendations in response. GPS-referenced photographs are taken to show representative and/or select pavement surface conditions.
- **Field Exploration** – Investigate and analyze existing pavement conditions through performing pavement corings, soil borings, and sampling. Samples will be logged, including location, depth, material type(s) encountered, visual soil classification, thickness, and more.

Falling weight deflectometer (deflection) testing and ground-penetrating radar (GPR) testing can also be performed to evaluate the existing pavement structural condition and

thicknesses of the various pavement layers (AC / AB thicknesses) on a continuous basis. Deflection testing is typically performed through Dynatest and GPR testing through Foundation Mechanics (Jils), companies that we have relationships with and have utilized on many past projects. The data collected from these subconsultants are reviewed and analyzed by GMU.

Prior to performing field exploration, GMU will obtain necessary permits. Coring and/or boring locations will be marked in the field and Underground Service Alert (Dig Alert) will be notified. Traffic control plans, if required, will be prepared and submitted to the City for review and approval.

- **Laboratory Testing:** Laboratory testing will be performed in our Caltrans-certified pavement and soils materials laboratory to evaluate various engineering properties of the collected materials, including R-value, moisture content, in-place density, maximum density and optimum moisture, direct shear, consolidation, sulfate content, soil classification (Atterberg Limits and particle size), mix design development tests, and other tests that may be needed to evaluate or characterize the collected materials.
- **Engineering Analysis** - Perform pavement engineering analysis of new and existing pavements in accordance with the California Highway Design Manual or mechanistic empirical methods. GMU will consider construction cost, production rate, and even greenhouse gas emissions in our analysis.
- **Pavement Report** - Pavement report will present a summary of our work, findings, conclusions, and recommendations, including:
 - Scaled plans showing coring or boring locations, project limits, and project location;
 - Summary of pavement surface condition assessment (pavement distress types, severity levels, and extent);
 - Results of deflection and GPR testing data, if collected;
 - Logs of subsurface exploration (boring logs or AC coring summary tables);
 - Results of laboratory testing;
 - Summary of analysis methodology and procedures;
 - Pavement repair recommendations including replacement structural section thicknesses, overlay thickness, and/or rehabilitation repair strategy. Typically, at least two repair recommendations are provided (10- and 20-year design lives utilizing traffic indices assumed or provided to us).
 - When overlay recommendations are provided (or other recommendations that may change the surface elevations), there will be consideration given to street profile, cross section, and/or surface drainage.

GMU possesses extensive experience in developing cost-effective pavement repair recommendations, including the following:

- Cold in-place (CIR) or cold central plant recycled (CCPR) asphalt concrete (AC) pavement;
- Cement stabilized pulverized base (CSPB) as part of the pavement structural section;
- Cement- or lime-stabilized soils (CSS or LSB) for subgrade stabilization and/or as part of the pavement structural section;
- Fiber-reinforced asphalt concrete (FRAC) to improve reflective cracking resistance and/or reduce required AC thickness;
- Rubberized hot-mix asphalt (RHMA or ARHM overlays);
- Geogrid/geotextiles to reduce required aggregate base thickness or to stabilize subgrade conditions; and more.

The procedures described above and our extensive experience in design and construction of these strategies allow us to recommend cost-effective alternative pavement repair strategies. The final report will be signed and stamped by a California registered geotechnical engineer.

Geotechnical and Pavement Laboratory Testing Services

GMU's County of Orange, Caltrans, AMRL, and AASHTO-certified laboratory can provide testing of various construction, soils, and pavement materials of construction or design projects in accordance with the procedures, policies, regulations, requirements, and formats of the given test method. Laboratory testing will be performed to test various construction materials for specification compliances purposes. Additionally, laboratory testing can be performed to evaluate various engineering properties for geotechnical and/or pavement design or investigation projects. A select list of laboratory tests performed by GMU includes:

- | | |
|---|---------------------------------|
| • Asphalt binder content | • Corrosion series |
| • Testing for backfill material, aggregate base, sand bedding, etc. | • Mix moisture content |
| • Compaction Testing | • Durability index |
| • Core density | • Direct shear |
| • Hveem Stability | • Atterberg Limits |
| • Wet track abrasion | • Consolidation |
| • R-value | • Permeability |
| • Maximum dry density and optimum moisture content | • Concrete compressive strength |
| | • Sand Equivalent |

Structural Engineering for Retaining Structures and Shoring

GMU provides full design and construction observation services for many types of retaining walls, including MSE walls, soil nail walls, and tieback walls, as well as conventional block

walls. Design services include geotechnical and structural calculations and development of plans for bidding.

Offering structural and geotechnical engineering design services in-house allows GMU to develop cost-effective retaining wall design services and eliminates the discontinuity often faced when structural and geotechnical services are performed by separate companies.

Review and/or Forensic Investigations of Retaining Walls/Slope Failures

We have provided forensic investigations, engineering services, and third-party review services related to large landslides, retaining wall stability, settlement and subsidence, and many other projects. Slope failures, including landslides, and retaining wall instability has occurred in several of the Cities we consult to, and GMU has provided review and/or forensic investigation for these projects. Select GMU personnel are experienced in deposition and court testimony.

The typical turnaround time varies depending on the size, complexity and demands of the particular project. GMU will coordinate with the City at the start of the project to discuss a timeline that will meet the City's deadlines.

Review of Slope and Drainage Conditions As Needed

Our geotechnical engineers and geologists are experienced in analyzing both the static and dynamic stability of existing and proposed slopes, and developing recommendations to stabilize slopes. Analyses are performed using appropriate stability methods and state-of-the-art computer software. Dynamic analytical methods range from pseudo-static analyses to slope deformation analyses.

In addition, our professional staff are experienced in evaluating existing and proposed drainage conditions for adequacy, and are adept at providing recommendations to improve existing drainage conditions as well as planned improvements.

The typical turnaround time varies depending on the size, complexity and demands of the particular project. GMU will coordinate with the City at the start of the project to discuss a timeline that will meet the City's deadlines.

Geologic and Geotechnical Site Reconnaissance

Our geotechnical engineers and geologists are experienced in providing site reconnaissance for a variety of projects, including capital improvement projects and emergency situations.

Independent Review of Geologic Hazard Areas

Our geologist and geotechnical engineers have extensive experience in detailed review of geologic/ geotechnical hazard areas of sites with special considerations such as liquefaction, compressible and collapsible soils, landslides, expansive soils, fill/bedrock transitions, and deep fills. GMU engineers and geologists can perform detailed and comprehensive liquefaction,

seismic settlement estimates, and both probabilistic and deterministic ground motion analyses. We utilize State of the art techniques implementing the latest technology (i.e., cone penetrometer testing, seismic refraction, in situ energy calibration for SPT testing, etc.). Probabilistic as well as deterministic based analyses can be performed. Our company is uniquely qualified in geotechnical studies and planning for hillside development. Our engineering geologists are very well trained in identifying landslides, assessing their impact on the development, and providing mitigating measures.

We provide both geologic and geotechnical site reconnaissance services to assist in preparing site evaluations, geotechnical analysis, and recommendations for project grading and design.

Wall Design Review

Whether for a capital improvement project or a private project as part of a permit review, GMU can provide review of retaining wall design for all types of walls, including CMU block retaining walls, MSE walls, etc. GMU also has extensive experience in designing retaining walls, particularly those with a geo-structural element.

Personnel

A diverse and wide range of qualified professionals will be assigned to this contract, ranging from principal engineers to engineering technicians. All services provided to the City of South El Monte will be overseen by GMU's President/CEO, **Mr. Gregory P. Silver**, who is both a licensed Civil and Geotechnical Engineer with over 34 years of experience and extensive work with numerous cities throughout Southern California.

Gregory P. Silver, MSc, PE has extensive experience since 1989 working for numerous Cities serving in the capacity as the City's Geotechnical Engineer. A sampling of these Cities includes Laguna Niguel, Chino Hills, Mission Viejo, Newport Beach, Dana Point, Malibu, Moorpark, Rancho Palos Verdes, Vista, Agoura Hills, Palos Verdes Estates, and Hidden Hills. Mr. Silver's experience within these municipalities includes review work, policy establishment, geotechnical design for City projects, management of inspection and testing for public works projects, landslide disaster response, coordination with FEMA and other state and federal agencies, and legal/forensic representation.



Roger Schlierkamp, MSc, PE has over 10 years of diversified pavement engineering experience and is the Director of Pavement Engineering at GMU Geotechnical, Inc. For this contract, Mr. Schlierkamp will provide pavement engineering services, including pavement evaluations, design, observation, testing, inspection and mix design development. Mr. Schlierkamp has provided pavement engineering services for Caltrans, Orange County, Los Angeles County, numerous local municipalities, and more.



Please refer to Appendix A for complete resumes of key staff.

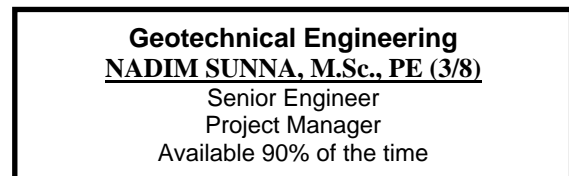
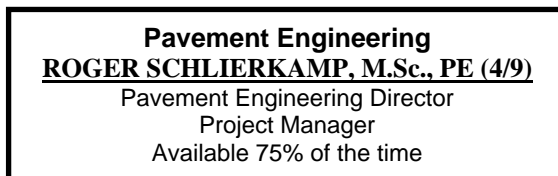
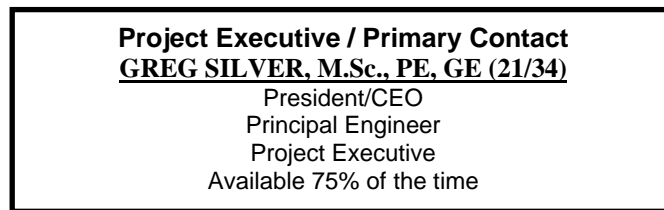
Staffing and Availability

GMU's team will consist of a diverse range of staff, ranging from Geotechnical Engineers to Engineering Geologists. All services for the City will be provided by GMU employees who ***are registered professionals***. These services will be overseen by **Mr. Greg Silver**, a licensed Civil and Geotechnical Engineer with over 34 years of experience and extensive work with numerous cities throughout Southern California. Additional professional support will be provided by **Mr. Roger Schlierkamp** as noted below. Both Mr. Silver and Mr. Schlierkamp possess extensive

experience managing design services projects on a variety of small to large public works projects. They will manage GMU's crew of professional staff, and lab technicians to deliver the geotechnical and pavement engineering services needed on each project. The staff organization chart below illustrates the staff that will be utilized for the City of South El Monte and their availability. Resumes for GMU's management team are provided in Appendix A. Note that additional qualified personnel are also available and additional resumes will be provided if needed.

STAFF ORGANIZATIONAL CHART

Years with GMU/Total years of experience are denoted in parenthesis



References

COUNTY OF LOS ANGELES – (2015-present)

Mr. Yonah Halpern

Phone: (626) 458-1731 email: YHALPERN@dpw.lacounty.gov

Address: 1537 Alcazar St, Alhambra, CA 90033

- Pavement Engineering Design

COUNTY OF ORANGE – (2017-present)

Mr. Vinh Tran – Senior Civil Engineer

Phone: (714) 955-0210 email: vinh.tran@ocpw.ocgov.com

Address: 601 North Ross Street, Santa Ana, CA 92701

- Geotechnical Investigations
- Construction Observation and Testing

CITY OF ALISO VIEJO - (2011-present)

Mr. Shaun Pelletier – City Engineer/Director of Public Works

Phone: (949) 425-2533 email: spelletier@cityofalisoviejo.com

Address: 12 Journey #100, Aliso Viejo, CA 92656

- Geotechnical Investigations
- Geotechnical Monitoring

CITY OF CHINO HILLS – (2002-present)

Mr. Winston Ward - Assistant Community Development Director, Building Official

Phone: (909) 364-2781 or (949) 248-3574 email: wward@chinohills.org

Address: 14000 City Center Drive, Chino Hills, CA 91709

- Geotechnical Review/Plan Checking
- Geotechnical Investigations for Landslides, Civic Center, Parks, Roadways, Pipelines
- Construction Inspection and Oversight
- Pavement Engineering, Observation, and Testing
- Special Inspection

CITY OF NEWPORT BEACH – (2009-present)

Mr. David Webb – Deputy Public Works Director/City Engineer

Phone: (949) 644-3328 email: dawebb@city.newport-beach.ca.us

Address: 100 Civic Center Dr., Newport Beach, Ca 92660

- Construction Inspection and Oversight
- Pavement Design, Observation, and Testing
- Geotechnical Investigations for Parks, Reservoirs, Roadways, Slopes
- Forensic/Expert Witness

Additional references are available upon request.

Project Profiles

Select project profiles are presented within **Appendix B**.

Proposed Fee

Our current fee schedule for each position classification required to provide the services described in the scope of work and all reimbursable fees and expenses is provided in **Appendix C**.

Appendix A

Key Staff Resumes



PROFESSION

Geotechnical Engineer
Civil Engineer

REGISTRATIONS

Registered Civil Engineer –
State of California
Registered Geotechnical
Engineer - State of California
Registered Civil Engineer –
State of Nevada
Registered Civil Engineer –
State of Utah

EDUCATION

M.S. Civil Engineering
(Geotechnical Engineering) –
California State University,
Long Beach
B.A. Geological Sciences
(Geophysics) –
University of California at
Santa Barbara

PROFESSIONAL EXPERIENCE

GMU Geotechnical, Inc.
(1997-Present)
President, Principal Engineer,
Rancho Santa Margarita, California
Bing Yen & Associates, Inc.
(1988-1997)
Project Engineer to
Associate/Manager of Municipal
Services, Irvine, California
G.C. Masterman & Associates, Inc.
(1984-1986)
Technician to Project Engineer
Van Nuys, California

PROFESSIONAL AFFILIATIONS

ASCE – Member
CalGeo – Past President
ACEC – Member

SUMMARY OF EXPERIENCE & QUALIFICATIONS

Mr. Silver has over 30 years of progressively responsible engineering and management experience in a wide variety of geotechnical engineering projects. He has worked successfully for and with industrial, residential, and commercial developers, master community planners, and governmental agencies. He has extensive experience in landslide evaluation and remediation design, geotechnical instrumentation, residential and commercial development, public works projects, municipality consultation, mechanically stabilized earth walls, and forensic projects. In addition, he has served as an expert witness in regards to numerous geotechnical issues over the last 25 years. Over the period of 1988 to 1997, Mr. Silver was City Geotechnical Engineer for numerous cities throughout Southern California. Currently, Mr. Silver serves as President and Principal Engineer of GMU. Mr. Silver is a past president of CalGeo – a 100 member firm statewide organization. Selected types of projects representative of Mr. Silver's experience are listed below:

- Commercial Development Projects
- High-rise Structures
- Landslides
- Residential Development Projects/Master Planned Communities
- Major Roadways
- Bridges
- Water Resource Projects
- Dewatering Projects
- Miscellaneous Public Works Projects
- Government/Civic Centers
- Sportsparks
- Mechanically Stabilized Earth (MSE) Walls
- Soil Nail Walls
- Geotechnical Instrumentation
- Tie-back Slope Reinforcement
- Pavement Engineering and Design
- City Geotechnical Engineer/Consultant
- Legal Consultation
- Special Studies

GEOTECHNICAL ENGINEERING

COMMERCIAL DEVELOPMENT PROJECTS:

- 20/40 Pacifica Office Towers – Irvine, California, Lead Geotechnical Engineer – Two high-rise office buildings and one 5 story parking structure. Design involved foundation systems consisting of driven piles and geopiers.
- 520 Newport Center Drive Office Tower – Newport Beach, California: Principal-in-charge – one 20-story high-rise office building and adjacent 6-story parking structure. Design involved mat and spread footing foundation design and analyses, shoring design, and permanent retaining wall design
- 650 Newport Center Drive Office Tower – Newport Beach, California: Principal-in-charge – one 20-story high-rise office building and two adjacent multi-story parking structures with up to 2-story subterranean sections. Design included mat foundation design, spread footing design, shoring design, and permanent retaining wall design.
- 200 Spectrum Center Drive Office Tower – Irvine, California- Principal-in-charge – 21 story office building and one adjacent 6 story parking structures. Design included driven pile foundation design, spread footing design, shoring design, and permanent retaining wall design.
- 400 Spectrum Center Drive Office Tower– Irvine, California - Principal-in-charge – one 21 story office building and one adjacent 6-story parking structures with up to 2-story subterranean sections. Design included mat foundation design, spread footing design, shoring design, and permanent retaining wall design.
- Irvine Spectrum Marriott Hotel – Irvine, California – Irvine California – Principal-in-charge – one 15 story hotel building with adjacent 2 story event center. Design included mat foundation design, spread footing design, and permanent retaining wall design.
- Sand Canyon Business Park – Irvine, California: Principal-in-charge/Lead Geotechnical Engineer – multi-story campus masonry block buildings on highly expansive soils with associated parking, walkways, etc. Geotechnical design included innovative partial mat/partial conventional slab to minimize expansive soil movements.
- Discovery Business Center – Irvine, California: Principal-in-charge/Lead Geotechnical Engineer – multi-story campus masonry block buildings on highly expansive soils with associated parking, walkways, etc. Geotechnical design included innovative partial mat/partial conventional slab to minimize expansive soil movements.
- Capitol Group Office Campus – Irvine, California: Lead Geotechnical Engineer – Large office campus on highly expansive soils. Project involved geopier and select soil replacement subgrade improvement strategies.

- Spectrum 5, Spectrum 7, Spectrum 1 – Irvine, California: Principal Geotechnical Engineering oversight of investigation design and construction.
- Bridgepark Plaza, Mercantile East, Mercantile West, and Corporate Terrace – Ladera Ranch, California: Principal Geotechnical Engineering oversight of investigation design and construction.
- University Research Park Office Development - Irvine, California: Principal Geotechnical Engineering oversight of investigation design and construction.

LANDSLIDES:

- Brancato Landslide – San Jose, California: Lead Engineer – Detailed geotechnical engineering analysis of large, deep-seated landslide including shear strength determination, static and pseudo-static analyses, seismic deformation analyses, and development of geotechnical mitigation schemes.
- Belmont Estates Horseshoe Landslide – Anaheim Hills, California: Lead Investigator – Comprehensive geological and geotechnical engineering evaluation of re-activated ancient landslide. Development of remediation scheme consisting of horizontal drains, buttress grading, and tie-backs.
- Voyager Lane Landslide – Laguna Niguel, California: Lead Investigator – Detailed evaluation of long-term monitoring data leading to the development of an innovative long-term repair consisting of a horizontal drain system, a surface water infiltration mitigation system, and roadway stabilization and subgrade strengthening.
- Rambla Pacifico Landslide Stabilization - Malibu, California: Project Director on one million dollar landslide stabilization design. Involved working with FEMA and OES and within NEPA/CEQUA guidelines.
- Calle Montecillo Roadway Stabilization - Agoura Hills, California: Project Director - Evaluation and design of roadway slope stabilization. Design, plans, and specifications.
- Big Rock Mesa Landslide Area - County of Los Angeles, California: Project Engineer - Large-scale geotechnical investigation and evaluation, deep dewatering and horizontal drain installation, pump tests, and geotechnical instrumentation and monitoring.
- Montellano Landslide - Hacienda Heights, California: Project Manager/Engineer - Pump tests, geotechnical monitoring, and long-term surface drainage improvement design with plans and specifications.
- Mystic Hills Landslide - Laguna Beach, California: Project Geotechnical Engineer - Third party geotechnical evaluation of the stability of an ancient landslide for the City of Laguna Beach.

- Kanan Dume Road Landslide - Malibu, California: Project Director - Monitoring, geotechnical evaluation, geological evaluation, remediation design for a 100-foot roadway embankment failure.
- Via Estoril Landslide – Laguna Niguel, California – Emergency response to large landslide which endangered numerous residential structures, emergency geotechnical recommendations, review of interim and final repairs.
- South Facing Slope Landslide - Malibu, California: Project Director - Detailed geotechnical engineering evaluation of an ancient landslide. Investigation included specialty laboratory testing including ring shear testing and x-ray diffraction, two- and three-dimensional stability analyses, and parametric groundwater and seismic evaluation.
- Tract 33410 Slope Failures - Agoura Hills, California: Project Director - Detailed geotechnical evaluation of one deep-seated and two surficial slope failures. Tasks included preparation of plans and specifications for repair and expert witness-related consultation.

RESIDENTIAL DEVELOPMENT PROJECTS/MASTER PLANNED COMMUNITIES:

- Santaluz – City of San Diego, California. Principal Geotechnical Engineering Oversight – Project direction and oversight for complex geotechnical engineering issues including: hard rock, blasting, rock fills and utility over-excavation.
- Sendero Development – County of Orange, California: Principal Geotechnical Engineering Oversight – Project direction and oversight for complex geotechnical engineering issues including: time delayed settlement and resulting solutions involving surcharge and wick drain design and debris flow evaluation and mitigation and slope stability.
- Banning Ranch Development – Newport Beach, California: Project Director – Comprehensive geotechnical and fault evaluation study for proposed residential and hotel development. Fault investigation included thousands of lineal tests of fault trench through the Newport-Inglewood fault zone.
- Ladera Ranch Planned-Community Development - Rancho Mission Viejo Company, County of Orange, California: Project Engineer - Geotechnical investigation and design for portions of major master planned community.
- Crystal Cove Development – Newport Coast/County of Orange, California: Principal – Oversight of geotechnical engineering for mass grading, public works improvements, and residential development.
- Talega Planned-Community Development – San Clemente, California: Principal – Oversight of geotechnical engineering for mass grading, public works improvements, and residential development.
- Rancho Santa Margarita Planned-Community Development - Rancho Santa Margarita, California: Project Engineer/Manager - Geotechnical investigation, grading and foundation

design, and construction observation for a number of planning areas in a major residential planned community development.

- Edgewater Development – Chino, California: Project Director – Geotechnical investigation and design for large residential development area with recreational lake network.
- Planning Area 19A Feasibility Study - Irvine, California: Project Engineer - Geotechnical investigation to advise on planning-related issues for roadway and general development in a marsh/soft clay site environment.
- Various Foundation Investigations 1984-88 - Single-family residences, large tracts, commercial/industrial structures and high-rise buildings throughout Los Angeles County.

MAJOR ROADWAYS:

- Ortega Highway Widening – County of Orange/City of San Juan Capistrano: Lead Geotechnical Engineer/Principal-in-Charge – Geotechnical investigation and development of design recommendations.
- City of Irvine/Irvine Industrial Company - Irvine Center Drive, Lake Forest Drive, and Sand Canyon Boulevard Street Widening - Irvine, California: Principal Geotechnical Engineering oversight of design and construction.
- City of San Clemente/Talega Associates – Avenida Vista Hermosa, Avenida La Pata, Avenida Fresas, Avenida Saluda, and Avenida Talega – San Clemente, California: Principal Geotechnical Engineering oversight of design and construction.
- La Pata Avenue Extension – County of Orange/City of San Juan Capistrano/City of San Clemente, California: Principal Geotechnical Engineering oversight and project management for planning, EIR and design.

BRIDGES:

- Ortega Bridge Widening – County of Orange, California: Project Director – Geotechnical investigation and development of design recommendations for Caltrans bridge.
- Cow Camp Bridges – County of Orange, California: Project Director – Geotechnical investigation and development of design recommendations for two bridges crossing complex geotechnical environs.
- San Juan Creek Bridge Widening – County of Orange, California: Project Director – Geotechnical investigation, detailed geotechnical evaluation of seismic retrofit, and development of widening foundation recommendations.
- Wildlife Crossing Bridge Widening – County of Orange/Ladera, California: Principal Geotechnical Engineer - Oversee widening project of existing bridge.

- Las Flores Bridge - Malibu, California: Project Engineer/Manager - Evaluation of bridge design and alternatives for the City of Malibu.
- Crown Valley Parkway Bridge – County of Orange, California: Lead Geotechnical Engineer for 238-meter-long, 27-meter-high bridge. Detailed geotechnical analysis for pile foundation design, abutment design, and geotechnical input to bedrock scour design.
- Oso Parkway Pedestrian Bridge - County of Orange, California: Project Engineer - Geotechnical design for 65-foot span pedestrian bridge.
- “A” Street Bridge at Barranca Parkway - Irvine, California: Project Engineer/Manager - Geotechnical investigation and design for new bridge over San Diego Creek.
- “Los Angeles Avenue Bridge” - Moorpark, California: Project Engineer/Manager - Geotechnical assessment of proposed bridge expansion and retrofit. Development of preliminary design recommendations.
- Tustin Avenue Bridge Widening – Anaheim, California: Principal Geotechnical Engineering oversight for widening project of existing bridge.
- Washington Boulevard Bridge - Los Angeles County, California: Project Engineer - Geotechnical investigation and design for seismic retrofit of existing bridge.

WATER RESOURCE PROJECTS:

- Horno Basin Detention Basin – County of Orange: Project Director – Geotechnical investigation and design for detention basin, spillway, bio-filtration system, and sub-drainage recapture system.
- Oso Creek Geotechnical Scour Study – Mission Viejo, California: Project Director – Geotechnical evaluation of insitu geotechnical materials for scour evaluation and revetment study.
- Various Water Lines, Sewer Lines, Talega Lift Station, South Ranch Lift Station, San Juan Creek Lift Station, and Ladera Zone 2 Reservoir, Talega Zone 1 Reservoir and Covenant Hills Reservoir and Lift Station for Santa Margarita Water District - Rancho Santa Margarita, Las Flores, Coto de Caza, and Ladera Ranch, California: Principal Geotechnical Engineering oversight.
- Las Flores Canyon Sedimentation - Debris Flow Study - Malibu, California: Project Manager/Engineer - Geotechnical and geological input for hydraulic analyses.
- Northwood Reservoir - Irvine, California: Project Geotechnical Engineer - Evaluation of foundation design and settlement potential for 4.5 MG reservoir.
- Hicks Canyon Detention Basin - Irvine, California: Geotechnical Consultant - Geotechnical analysis and design for two large detention basins.

- San Diego Creek Channel Improvements - Irvine, California: Project Manager/Engineer - Geotechnical investigation for proposed channel improvements consisting of soil cement and “keystone” geogrid-type revetments.

MISCELLANEOUS PUBLIC WORKS PROJECTS:

- Marina Park – City of Newport Beach – Geotechnical Project Manager of geotechnical and Materials Inspections. Project involved stone columns for liquefaction remediation, concrete sheet pile walls with tie-backs and specialty foundation design
- City of Laguna Niguel - Metrolink Station - Laguna Niguel, California: Principal Geotechnical Engineering oversight for a regional OCTA-funded commuter rail station.
- BRM Storm Drain Replacement Project - Malibu, California: Project Manager/Engineer - Evaluation of storm drain pipe design in landslide and erosion prone area following destruction of system by fire.
- Metro-Rail Vibration Testing - Los Angeles, California: Project Engineer - Geotechnical exploration and input for vibration study.
- Big Rock Mesa Dewatering Well Project - Malibu, California: Project Engineer/Manager - Design, plan and specification preparation, installation and construction oversight for six dewatering wells to 350 feet and four horizontal drains.
- Montellano Winterization - Hacienda Heights, California: Project Engineer/Manager - Design and construction oversight of long-term, multi-year landslide winterization.
- Pavement Evaluation - Pomona, California: Project Manager/Engineer - Pavement evaluation for 4000 lineal feet of distressed pavement.

GOVERNMENT/CIVIC CENTERS:

- Chino Hills Government Center Complex – Chino Hills, California: Project Director – Geotechnical investigation, development of recommendations and plans for multi-faceted government center consisting of multi-story government buildings and a four-story parking structure.
- Vista Civic Center – Vista, California: Project Director – Development of final geotechnical design recommendations for Vista Civic Center.
- Laguna Niguel Civic Center – Laguna Niguel, California: Lead Geotechnical Engineer - Geotechnical design oversight for investigation and design recommendation development.

SPORTSPARKS:

- La Paz Sportspark – Laguna Niguel, California: Project Director – Geotechnical design for sportspark complex with synthetic fields. Infiltration design of subsurface field drainage system.

- Chino Hills Sportspark – Chino Hills, California: Project Director – Geotechnical investigation and design for large sportspark complex with numerous synthetic fields.
- Long Beach Sportspark – Long Beach, California: Project Director – Geotechnical investigation and design for planned regional sportspark in oil fields operation area. Developed unique design recommendations for proposed facilities to be placed on top of buried rubble and debris.
- Jarupa Water Park – Jarupa, California: Project Director – Geotechnical investigation and design for multi-acre water park facility.

GEOTECHNICAL INSTRUMENTATION:

- Ladera Residential Development – County of Orange, California: Principal Geotechnical Engineering Oversight of “real time” monitoring system for electrical towers above temporary slopes during grading.
- La Paz Road – Laguna Niguel, California: Project Manager – Long-term monitoring of on-going slope movements. Monitoring program enables City of Laguna Niguel to incrementally and cost-effectively implement roadway stabilization project on an as-needed basis. Instrumentation includes slope inclinometers, multi-stage piezometers, and survey.
- Crystal Cove – Newport Coast, California: Project Director – Long-term evaluation of surface and subsurface survey network and slope inclinometers to evaluate deep fill/fill slope performance.
- Oceanside Dewatering - Oceanside, California: Project Engineer - Construction overview and monitoring of dewatering tunnel, horizontal drain, and tie-back installation.
- Port of Los Angeles, Pier 300 Expansion - POLA, California: Project Manager/Engineer - Design, installation, and monitoring of specialty geotechnical instrumentation for port expansion.
- Big Rock Mesa - Malibu, California: Project Manager/Engineer- Managed monitoring and dewatering district consisting of dewatering wells, horizontal drains, slope inclinometers, piezometers, multi-position extensometer, survey network, and groundwater discharge analysis.
- Calle del Barco - Malibu, California: Project Manager/Engineer - Managed monitoring and dewatering district consisting of dewatering wells, horizontal drains, slope inclinometers, piezometers, and crack gauges.
- Malibu Road - Malibu, California: Project Manager/Engineer - Managed monitoring and dewatering district consisting of piezometers, horizontal drains, and crack gauges.

- Latigo Canyon - Malibu, California: Project Manager/Engineer - Managed monitoring and dewatering district consisting of slope inclinometers, piezometers, horizontal drains, dewatering wells, and crack gauges.
- Rambla Pacifico Landslide - Malibu, California: Project Engineer - Installation and monitoring of slope inclinometers and multi-stage pneumatic piezometers.
- La Conchita Landslide - Ventura County, California: Project Engineer/Manager - Design, installation, and monitoring of a system of slope inclinometers and multi-stage piezometers.
- Hope Church - Rancho Bernardo, California: Project Engineer/Manager - Design, installation, and monitoring of complex monitoring array consisting of tiltmeters, survey network, slope inclinometers, and multi-stage pneumatic piezometers.

DEWATERING DESIGN & MANAGEMENT PROJECTS:

- Dewatering Remediation – Coto de Caza, California: Project Engineer/Manager – Hydrogeologic modeling and Modeling design of dewatering cut-off trench to lower groundwater below home foundations.
- Dewatering District Oversight (Big Rock, Latigo Canyon, Malibu Road) , Malibu, California: Project Engineer/Manager – Work included: dewatering district management, hydrogeologic modeling, well design and maintenance, horizontal drain design as well as maintenance and monitoring.
- Montellano Landslide Dewatering – Hacienda Heights, California: Project Engineer/Manager – Pump tests, dewatering wells design and construction, design and construction oversight of horizontal drains.

CITY GEOTECHNICAL ENGINEER/CONSULTANT:

- City of Mission Viejo (2016 – Present) Review of geotechnical reports, general geotechnical consultation, Public works project design and geotechnical and materials inspection.
- City of Laguna Niguel (1997-Present): Review of geotechnical reports, preparation of guidelines, public works projects, geotechnical hazards analysis including testimony in front of state legislative committees, emergency response and legal consultation.
- City of Newport Beach (2009-Present): Public Works projects including street rehabilitation, construction observations and testing, marina construction, and legal consultation.
- City of Chino Hills (1992-97 & 2002-Present): Review of geotechnical reports, preparation of guidelines for report submittal and grading procedure requirements, public works projects, and general geotechnical consultation.
- City of Dana Point (2001-2014; 2015-Present): Review of complex geotechnical projects, emergency and litigation consultation, and public works projects.

- City of Vista (2000-2005): Review of geotechnical reports and general geotechnical consultation.
- City of Rancho Palos Verdes (2004-2006): Alternate member of Geotechnical Appeals Board.
- City of Malibu (1991-97): Review of geotechnical reports, preparation of guidelines, policy and standards for report submittal, public works projects, geotechnical hazards analysis, emergency response, planning evaluation, legal consultation.
- City of Moorpark (1995-97): Review of geotechnical reports, preparation of guidelines, policy and standards for report submittal.
- City of Agoura Hills (1988-97): Review of geotechnical reports, preparation of guidelines, policy and standards for report submittal, public works projects, geotechnical hazards analysis, emergency response, planning evaluation, legal consultation.
- City of Palos Verdes Estates (1992-97): Review of geotechnical reports, preparation of guidelines, policy and standards for report submittal, public works projects, geotechnical hazards analysis, emergency response, planning evaluation, legal consultation.
- City of Hidden Hills (1992-97): Review of geotechnical reports, preparation of guidelines, policy and standards for report submittal.
- Additional Geotechnical Consultation to Cities: Cities of Lake Forest, La Habra Heights, and Laguna Beach.

PAVEMENT ENGINEERING AND DESIGN

- City of Irvine Public Works Department – Irvine, California (2012-2014). Principal-in-Charge. Various projects including: Irvine Center Drive, Campus Drive, Jamboree Boulevard, and Jeffrey Road pavement rehabilitations.
- Irvine Industrial Company – Cities of Irvine and Lake Forest, California (1997-2010). Principal-in-Charge. Various projects including: Irvine Center Drive, Lake Forest Drive, Bake Parkway, Portola Parkway, and Sand Canyon Boulevard street widening and overlays.
- City of Dana Point – Dana Point, California (2002-2014). Principal-in-Charge. Various projects including: Street of the Golden Lantern, Stonehill Drive, Del Obispo Street, Camino Capistrano, Pacific Coast Highway, Del Prado overlays, and miscellaneous residential street overlays and slurry seals.
- City of Aliso Viejo – Aliso Viejo, California (2012-2014). Principal-in-Charge. Various projects including: Aliso Creek Road, Pacific Park Drive, Moulton Parkway, Oso Parkway, La Paz Road overlays.
- City of Laguna Niguel – Laguna Niguel, California (2002-2014). Principal-in-Charge. Various projects including: Street of the Golden Lantern, Camino del Avion, Niguel Road,

Cabot Road, Paseo de las Colinas, Camino Capistrano, Aliso Creek Road, La Paz Road rehabilitation and overlays, and miscellaneous residential street overlays and slurry seals.

- City of Newport Beach – Newport Beach, California (2009-2014). Principal-in-Charge. Various projects including: Newport Center Drive, Balboa Avenue, River Avenue, Mesa Drive, Bayside Drive overlays, and miscellaneous residential street overlays and slurry seals.
- City of Rancho Santa Margarita – Rancho Santa Margarita, California (2011-2014). Principal-in-Charge. Various projects including: Santa Margarita Parkway, Antonio Parkway, Robinson Ranch Road overlays and slurry seals (2006-2014); and miscellaneous residential street overlays and slurry seals.
- City of Laguna Niguel – Laguna Niguel, California (2002-2014). Principal-in-Charge. Various projects including: Street of the Golden Lantern, Camino del Avion, Niguel Road, Cabot Road, Paseo de las Colinas, Camino Capistrano, Aliso Creek Road, La Paz Road rehabilitation and overlays, and miscellaneous residential street overlays and slurry seals.
- County of Orange Ortega Highway Widening – San Juan Capistrano, California (2009-2011). Principal-in-Charge. Pavement design for Phase 1 widening of Ortega Highway from the City of San Juan Capistrano border to Antonio Parkway. Design involved pavement rehabilitation of existing roadway and widening of both roadway shoulders.

GEO-STRUCTURAL ENGINEERING

MECHANICALLY STABILIZED EARTH (MSE) WALLS:

- The Irvine Company Development Areas 2C4 and 5 - County of Orange, Newport Coast, California: Design and construction oversight of numerous Loffel walls throughout the Newport Coast development area for The Irvine Company. Wall heights range up to 25 feet in height.
- Ladera Development - County of Orange, California: Design and construction oversight of 50-foot-high “Loffel”-type MSE wall at the entrance to the Ladera Development in South Orange County. The wall was the highest wall permitted in the County of Orange to date. Due to the wall’s height, it involved an extensive design and review process. In addition, the wall was instrumented with slope inclinometers and an array of specially designed survey points integrated into the block facing. An abstract for a paper describing the wall design and instrumentation results was accepted to the ASCE GEO-DENVER 2000 Conference.
- Distressed “Keystone” Wall Evaluations – 1) Placentia, California: Forensic evaluation of distressed “Keystone” wall for Shea Homes, 2) Agoura Hills, California: Forensic evaluation of distress behind “Keystone” wall for Oaks Christian School, 3) Rancho Bernardo, California: Comprehensive forensic evaluation of severely distressed “Keystone” Wall at the Legacy/Toshiba development.
- Crystal Cove Access Road - Orange County, California: Design of up to 40-foot-high “Loffel”-type MSE wall to support a major access road to a detention basin and recreation

area. Special design considerations included: high seismic area, use of select backfill in both reinforced and retained zones, and erosion protection at the toe of the wall.

- Spectrum 5 Commercial Development Area - Irvine, California: Design and construction oversight for over 1700 lineal feet of a “Loffel”-type MSE wall.
- San Dimas Residential Development (Tract 52717) – San Dimas, California: Development of design plans and specifications for over 30 MSE walls incorporated into rough grading plans for a large residential development.

SOIL NAIL AND TIE-BACK WALLS/SLOPES:

- China Cove Soil Nail Wall/Slope – Corona Del Mar, California: Structural and geotechnical design and construction oversight for soil nail wall and slope with “boulderscape” facing. Design done to mitigate long-term surficial failure problem and upgrade the look of a high profile slope.
- Placentia Slope Stabilization – Placentia, California: Structural design for soil nail wall at the rear of several homes in residential development. Wall was designed to stabilize slope while minimizing space impacts in rear yard.
- City of Orange HOA Tie-back Slope Stabilization – Orange, California: Structural and geotechnical design and construction oversight for tie-back slope stabilization project. Complete design plans and specifications were provided. Geotechnical and special inspections performed during construction. Services also included construction management.

MASONRY RETAINING WALLS:

- Masonry Wall Design – Sendero Development of Rancho Mission Viejo, California: Complete geotechnical and structural design for masonry walls for level ground, toe-of-slope and top-of-slope conditions. Includes complete structural plans and details. Designs for miscellaneous structures such as pilasters, monuments also provided.
- Masonry Wall Design – Esencia Development of Rancho Mission Viejo, California: Complete geotechnical and structural design for masonry walls for level ground, toe-of-slope and top-of-slope conditions. Includes complete structural plans and details. Designs for miscellaneous structures such as pilasters, monuments also provided.

CAISSON WALLS:

- Palos Verdes Drive Roadway Stabilization – Palos Verdes Estates, California: Performed geotechnical and structural design and construction oversight for caisson tie-back wall to provide lateral support to a portion of Palos Verdes Drive North. Complete plans and specifications were developed.
- Berquist Residence Caisson Supported Retaining Wall – Dana Point, California: Performed structural engineering for caisson supported top of slope retaining wall. Complete plans and specifications were developed.

LEGAL CONSULTATION

Mr. Silver has provided geotechnical consultation for litigation on a wide variety of projects for over 20 years in the States of California and Nevada. He has been deposed numerous times and testified in court on a number of occasions. The type of litigation cases that Mr. Silver has been involved in include:

- Landslides
- Foundation distress due to expansive soils and settlement
- Settlement adjacent multi-story buildings.
- Concrete corrosion/sulfate damage
- MSE walls/retaining walls
- Dewatering/groundwater issues
- Public works failures
- Site drainage

SPECIAL STUDIES

Residential Foundation Deterioration Study for the Cities of Lakewood, La Palma, and Cypress, California: Staff Engineer - Regional evaluation of concrete corrosion performed for CDMG. Study included: analysis of soil and groundwater conditions, review of construction practice and code requirements and other geotechnical/geological contributing factors.

RECENT PROJECT AWARDS

The following project awards are for projects where Mr. Silver served a primary role in either the geotechnical engineering design or management of the project.

- Project Awards – APWA 2016
 - Marina Park
 - Oso Creek Multi-use Trail
 - La Pata Extension
- Geotechnical Project of the Year – 2016 – OC/LA ASCE
 - Cow Camp Road Design – Phases 1A & 1B
- Geotechnical/Structural Project of the Year Award – 2015 – OC/LA ASCE
 - 650 Newport Center Drive Office Tower and 670 Newport Center Drive Parking Structure
- Airport and Ports Award – OC ASCE 2015
 - Marina Park
- Community Improvement Project Award – OC ASCE 2015
 - PCH/Del Prado Bridge and Street Improvements
- Project Awards – APWA 2014
 - Chino Hills Community Center, Chino Hills
 - Belmont Temporary Pool, Long Beach
 - Reata Park, San Juan Capistrano

PUBLICATIONS

- Sandri, D., Silver, G., Trazo, R., 2000, “Design, Construction, and Monitoring of a 14.9M High Geosynthetic Reinforced Segmental Retaining Wall in a Seismically Active Region”, ASCE Geotechnical Special Publication (GSP) “Advances in Transportation and Geoenvironmental Systems using Geosynthetics”.
- Silver, G., Van Thiel, D., 2006, “Permanent Deflection and Performance Study of Drivable Grass”, Published in Stormwater Magazine 2007 and Stormwater Solutions Magazine – 2008.
- Shlemon, Roy J., Davis, Paul, and Silver, Gregory, 2008, “Relative Activity of North Branch Splays (NBS) of the Newport-Inglewood Fault Zone, West Newport Oil Field, Newport Beach, California”.
- Silver, Gregory, Bates, Lisa, 2013, “Landslide Stabilization Using High Strength Aggregate-Cement Slurry”, ASCE/Geo Institute 2013 Geo-Congress: Stability and Performance of Slopes and Embankments III, Geotechnical Special Publication No. 231.
- Bastani, A., Silver, G., Atkinson, D., 2014, “CPT Based Settlement Prediction Over California Soft Rock, CPT-14 – 3rd International Symposium on Cone Penetrometer Testing.
- Bastani, A., Silver G., 2017, “CPT Based Settlement Prediction Over California Soft Rock, Stiff Alluvium and Soft Alluvium Sites” – International Foundation Congress and Equipment Expo (IFCEE) 2018.

ROGER W. SCHLIERKAMP, M.Sc., P.E.

Director of Pavement Engineering



PROFESSION

Civil Engineer

REGISTRATION

Registered Civil Engineer C81529 –
State of California

EDUCATION

M.S. Civil Engineering
(Pavement/Materials Engineering)–
University of Nevada, Reno
B.S. Civil Engineering
University of Nevada, Reno

PROFESSIONAL EXPERIENCE

GMU Geotechnical, Inc.

(2014 – Present)

Director of Pavement Engineering
Rancho Santa Margarita, California

Twining, Inc.

(2011 – 2014)

Pavement Engineer
Long Beach, California

University of Nevada, Reno

(2009 – 2011)

Graduate Researcher, Pavement /
Materials
Reno, Nevada

PROFESSIONAL AFFILIATIONS

- CalAPA
- ASCE Orange County -
Engineers without Borders
- American Society of Civil
Engineer APWA
- AGC
- American Public Works
Association
- American Society of Civil
Engineers
- Santiago Canyon College –
Part Time Instruction
(Construction Materials)

SUMMARY OF EXPERIENCE & QUALIFICATIONS

Mr. Schlierkamp possesses over 10 years of experience in pavement engineering and construction related projects, such as pavement evaluation / design, pavement condition index studies, construction testing/observation, specification development, and mix design development projects. His experience includes working with a number of local agencies, private sector clients, civil engineering firms, paving contractors, and pavement material producers. He has also worked successfully as a Quality Control / Quality Assurance Manager and Pavement Engineer on a wide variety of projects. His engineering experience includes performing pavement evaluations, developing cost-effective pavement repair recommendations, performing pavement mix designs, and managing testing /observation services of pavement-focused construction projects. Mr. Schlierkamp's experience as a quality control manager provides him a thorough understanding of various pavement construction specifications. His proficiency in pavement both pavement design and construction allow him to support his clients in achieving quality and cost-effective pavement solutions. Mr. Schlierkamp's experience in pavement design and construction includes:

- Pavement engineering evaluation, structural analysis, design expert
- Pavement condition index assessments
- Non-destructive testing, including deflection testing & ground-penetrating radar (GPR) testing
- Pavement smoothness testing
- Pavement mix designs, including hot-mix asphalt (HMA), rubberized hot-mix asphalt (RHMA), warm-mix asphalt (WMA) following Marshall, Hveem, and Superpave design methods, soil-stabilization, and cold recycled asphalt
- Pavement preservation strategies, including fog seals, slurry seals, scrub seals micro-surfacing seals, and chip seals
- Pavement rehabilitation strategies, such as rubberized pavement overlays, cold recycling, full-depth reclamation, cement/lime base and subgrade stabilization
- In-depth knowledge of various pavement construction specifications, including Caltrans, Greenbook, Airport, and Ports.
- Quality control / assurance laboratory testing expertise, including Hveem Stability, Hamburg Wheel Track, Moisture Susceptibility, Maximum Density, Wet Track Abrasion, and more.

Select Pavement Evaluation and Design Projects – Local Municipalities and Agencies

- **City of Torrance, Plaza Del Amo at Western Mobility Enhancement Project, April 2019:** Performed pavement evaluation / design of existing roadway as well as widened roadway.
- **City of Dana Point, FY 18-19 Pavement Maintenance/Repair Project, Winter 2018-May 2019:** Performed pavement surface condition assessments of various streets throughout City of Dana point, prioritized streets for maintenance/repair, recommended maintenance/repair strategies, reviewed/developed pavement-related specifications, oversaw quality assurance observation/testing services during construction phase.
- **City of Newport Beach, Bonita Canyon Drive and Ford Road, March 2019 – June 2019:** Performed pavement evaluation consisting of pavement surface condition assessments, corings, deflection testing, lab testing, analysis, and development of pavement rehabilitation recommendations.
- **City of Newport Beach, Bison Ave, San Joaquin Hills Road, San Nicolas, November 2018 – May 2019:** Performed pavement evaluation consisting of pavement surface condition assessments, corings, deflection testing, lab testing, analysis, and development of pavement rehabilitation recommendations.
- **City of Torrance, Crenshaw Blvd Rehabilitation Project, April 2019:** Performed pavement evaluation to develop pavement rehabilitation repair recommendations.
- **City of Lake Forest, 2015 to current:** Performed pavement evaluation for various pavement CIP projects, including Portola Parkway, Dimension Drive, Civic Center Drive, etc.
- **City of Irvine, Jamboree Road (Michelle Dr to RR Tracks) Pavement Evaluation Project, November 2018:** Performed pavement evaluation consisting of deflection testing, corings, surface condition assessment, laboratory testing, analysis, and development of pavement rehabilitation repair recommendations.
- **City of Santa Fe Springs, Santa Fe Springs and Painter Avenue Pavement Reconstruction Project, October 2018:** Performed pavement evaluation and developed pavement reconstruction repair recommendations, including full-depth reconstruction repair.
- **City of Aliso Viejo, Glenwood Terrace Neighborhood Pavement Evaluation Project, January 2018:** Performed pavement evaluation to develop rehabilitation repair recommendations for the residential neighborhood of Glenwood Terrace.
- **City of Santa Fe Springs, “South Residential 1” Pavement Evaluation Project, October 2017:** Performed pavement evaluation and developed pavement reconstruction repair recommendations, including full-depth reconstruction repair. Provided observation and testing services during construction phase (April 2019).
- **City of San Juan Capistrano 2017 Pavement Evaluation Project, April 2017:** AC pavement evaluation of different streets throughout City of San Juan Capistrano.
- **City of San Juan Capistrano, Camino Capistrano, March 2017:** AC pavement evaluation and rehabilitation design.
- **City of Stanton Sunshine Village Tract, Concrete Alley, and Cerritos Ave, February 2017:** AC and PCC pavement evaluation of neighborhood streets and alleys.
- **Trabuco Canyon Water District, 2018 Aliso Creek Trail Pavement Repair Project**

- **Trabuco Canyon Water District, 2018 Mayfair and Raintree Pavement Repair Project**
- **Trabuco Canyon Water District Waste Water Treatment Plant Access Road Pavement Evaluation, April 2017:** Pavement reconstruction design.
- **Los Patrones Parkway, 2015-current:** Pavement design of new alignment Los Patrones Parkway using cement-treated soil.
- **San Gabriel Trench Pavement Value Engineering, Alameda Corridor East Construction Authority, California, August 2016:** Developed alternative pavement recommendations using in-place materials.
- **Ocean Boulevard and Poppy Avenue, Newport Beach, California, June 2016:** PCC and AC pavement evaluation and reconstruction design.
- **Crown Valley Parkway, Laguna Niguel, California, April 2016.** AC pavement evaluation and rehabilitation design.
- **Alicia Parkway Slurry Seal Investigation, Laguna Niguel, California, 2014:** Slurry seal evaluation.
- **Irvine Avenue, Newport Beach, California, November 2014:** AC pavement evaluation and rehabilitation design.
- **Pavement Reflective Cracking Investigation Project, Mission Viejo, California, August 2015.**
- **MacArthur Boulevard Rehabilitation, Newport Beach, California, September 2015:** AC pavement evaluation and rehabilitation design.
- **Palm Avenue Grade Separation Project, San Bernardino, California, July 2015:** Pavement surface distress evaluation.
- **Various Streets and Parking Lots, San Juan Capistrano, California, July 2015:** AC pavement evaluation and reconstruction design of 7 sites.
- **Metro Blue Line Artesia Park N Ride Parking Lot, Compton, California, October 2013:** AC pavement evaluation and repair recommendations for recently constructed bus parking lot.
- **Cherry Avenue and Myrtle Street, Long Beach, California, 2013:** AC pavement evaluation and reconstruction design.
- **San Antonio Street, Long Beach, California, 2013:** PCC pavement evaluation reconstruction design.
- **190th Street, Torrance, California, 2013:** AC pavement evaluation and rehabilitation design.
- **Pickett Avenue, Garden Grove, California, 2012:** AC pavement evaluation and reconstruction design.
- **Alondra Boulevard, Norwalk, California, 2011:** AC pavement evaluation and rehabilitation design.

Select Quality Assurance Testing and Observation Projects

- **City of Mission Viejo, FY 2019 Residential Slurry Seal Project (CIP 20838), August - October 2019:** Quality assurance manager for pavement-related materials, including localized AC repairs and Type I rubberized polymer modified slurry seal.

- **Felipe Road and Olympiad Road Pavement Rehabilitation Project (CIP 19837), City of Mission Viejo, June-July 2018:** Localized AC repairs and ARHM overlay quality assurance observation & testing.
- **2018-19 Slurry Seal Project, City of Chino Hills, June-July 2019:** Type I emulsion aggregate slurry seal (EAS) quality assurance observation & testing.
- **Las Flores Slurry Seal Project, City of Rancho Santa Margarita, June 2019:** Type II emulsion aggregate slurry seal (EAS) quality assurance observation & testing.
- **2018-19 Residential Slurry Seal Project, City of Buena Park, June, 2019:** Type I Rubberized Emulsion Aggregate Slurry (REAS) quality assurance observation & testing.
- **City of Newport Beach, MacArthur Blvd & University Pavement Rehabilitation Project, April to October 2019.**
- **City of Dana Point, FY 2018-19 Pavement Maintenance & Repair Project, April 2019.**
- **City of San Juan Capistrano, Del Obispo & Ortega Parking Lot Project, May-June 2019.**
- **City of Rancho Santa Margarita, FY 2018-19 Slurry Seal Project, January 2019.**
- **City of Mission Viejo, On-Call Encroachment Permit Inspection Projects, 2017 to current:** as-needed, various EP projects.
- **City of Newport Beach, Marguerite Avenue and Hospital Road Pavement Rehabilitation Project, November 2018.**
- **City of Mission Viejo, FY 2018 Residential Slurry Seal and Overlay Project, October 2018.**
- **City of Aliso Viejo, Aliso Creek Road Pavement Rehabilitation Project, October 2018.**
- **City of Laguna Niguel, FY 2017-18 Arterial Pavement Rehabilitation Project, September 2018.**
- **City of Mission Viejo, Trabuco Road and Marguerite Parkway Pavement Rehabilitation Project, June 2018:** Performed quality assurance observation/testing services to comply with Federally-funded project requirements.
- **City of Mission Viejo, FY 2017 Residential Slurry Seal and Overlay Project, October 2017.**
- **Los Patrones Parkway (New Alignment), Rancho Mission Viejo, August 2017 to October 2019.**
- **City of Rancho Santa Margarita, FY 2017-18 Slurry Seal Project, June 2018.**
- **2017 ARAM and ARHM Overlay, Laguna Niguel, California, November 2016.**
- **Aliso Viejo Parkway Pavement Rehabilitation Project, Aliso Viejo, California, July 2017.**
- **2016 AC Repairs Project, Laguna Niguel, California, November 2016.**
- **Pacific Park Pavement Rehabilitation, Aliso Viejo, California, November 2016.**
- **Del Obispo Pavement Rehabilitation, Dana Point, California, October 2016.**
- **Chino Hills Parkway Pavement Repairs, Chino Hills, California October 2016.**
- **Susana Road Pavement Reconstruction, County of Los Angeles, Compton, California, October 2016:** Cement treated base testing/observation.
- **2016 Various Locations Pavement Repairs Project, San Juan Capistrano, California, October 2016:** AC, AB, subgrade, geogrid, cement-treated materials.

- **Irvine Avenue Rehabilitation, Newport Beach, California, Fall/Winter 2016-17:** AC, base, subgrade, concrete materials.
- **2016 Residential AC Repairs and Slurry Seal Projects, Mission Viejo, California, September 2016:** AC, base, subgrade, slurry seal, tack, and pavement interlayer materials testing/observation.
- **Califia Neighborhood, Santa Margarita Water District, Mission Viejo, California, Summer 2016:** AC trench paving.
- **Annual Residential Slurry Seal, Newport Beach, California, Summer 2015.**
- **Palmia Neighborhood, Santa Margarita Water District, Mission Viejo, California, Summer 2016:** AC trench paving.
- **Saint Christopher Neighborhood, Laguna Niguel, California, August 2015.**
- **2015-16 Annual Overlay, Rancho Santa Margarita, California, July 2016.**
- **Los Serranos Infrastructure Improvements, Chino Hills, California, April 2016.**
- **Peyton Widening, Chino Hills, California, February 2016.**
- **Reagan and Peterson Park Parking Lot Rehabilitation, Diamond Bar, California, October 2015.**
- **Del Prado Phase 2A, Dana Point, California August, 2015.**
- **2014/15 Annual Overlay, Dana Point, California, April 2015.**
- **2014/15 Annual Residential Overlay and Slurry Seal Projects, Rancho Santa Margarita, California, Summer 2015.**
- **Trabuco / Monroe Intersection Improvements, Irvine, California, February 2015:** Federally funded project, observation/testing of pavement materials.
- **Antonio Parkway Pavement Rehabilitation, Rancho Santa Margarita, Rancho Santa Margarita, California, July 2014:** Observation/testing of pavement materials.
- **Canwood Street Phase I Pavement Recycling, Agoura Hills, California (2013):** Cold recycled AC materials observation/testing.
- **Main Street, Garfield Avenue, and Springdale Street Pavement Rehabilitation, Huntington Beach, California, 2013.**
- **Escalona Road Pavement Rehabilitation, La Mirada, California, 2012.**
- **Willow Street Rehabilitation, Long Beach, California, 2011.**
- **Wilcox Avenue Pavement Rehabilitation, Cudahy, California, 2011.**

Select Private Street/Parking Lot Pavement Engineering and Evaluations

- **Irvine Company Office Properties (ICOP), Parking Lot Maintenance and Repair Projects, 2018 to present:** Performing pavement evaluation, bid document preparation, bid solicitation, construction management advisory, and construction observation/testing services for 15+ parking lots maintained by ICOP for FY 2018-19 and FY 20 projects.
- **Crystal Cove, Irvine Company, Newport Coast, Newport Beach, California, 2016 - 2018.**
- **UCI Lot 36 Bus Parking Lot, Irvine, California, October 2016.**
- **UCI California Avenue Parking Lot Study, Irvine, California, March 2016.**
- **Alcoa Parking Lot Pavement Evaluation, Alcoa Fastening Systems, Industry, California, February 2015.**
- **Covey Project, AC Cap Pavement Evaluation, Buena Park, California, January 2016.**

- **Edwards Life Sciences Parking Lot, Irvine, California, January 2016.**
- **Class I Bike Trail, Rancho Mission Viejo, Orange County, California, 2015.**
- **Pepperdine University Pavement Evaluation, Malibu, California, 2013.**
- **Koll Center Newport Parking Lots, CBRE, Newport Beach, California, 2013.**

Select Pavement Mix Designs

- **Cement Stabilized Pulverized Base Mix Design Development, Leffingwell Road Street Rehabilitation Project, City of La Mirada:** Developed cement-treatment mix design consisting of existing asphalt concrete, agg. base, and subgrade materials to satisfy Greenbook CSPB mix design requirements.
- **Cement Stabilized Pulverized Base Mix Design Development, Painter Avenue and Santa Fe Springs Road Pavement Reconstruction Projects, City of La Santa Fe Springs:** Developed two cement-treatment mix designs consisting of existing of subgrade materials to satisfy Greenbook CSPB mix design requirements.
- **Cement Stabilized Pulverized Base Mix Design Development, “Residential 1” Pavement Reconstruction Projects, City of La Santa Fe Springs:** Developed two cement-treatment mix designs consisting of existing of subgrade materials to satisfy Greenbook CSPB mix design requirements.
- **2018 Greenbook (2018 spec) All American Asphalt, Corona, California, December 2016:** Developed AC Hveem mix designs for ½” and ¾” mixtures.
- **2016 Greenbook (2015 spec) All American Asphalt, Corona, California, December 2016.**
- **Runway 6R-24L Extension Project, Soil-Cement Mix Design, LAX, February 2016.**
- **Runway 7L-25R Safety Area Improvements, Soil-Cement Mix Design, LAX October 2016.**
- **Plum Canyon Road Soil-Cement Mix Design, Santa Clarita, California, August 2016.**
- **2014 Greenbook (2012 spec) All American Asphalt, Corona, California, December 2014.**
- **Soil-Cement Mix Design for Corporate Yard Facility, Buena Park, California December 2014.**
- **Cold Recycled Asphalt Concrete and Soil-Cement Mix Designs, County of Los Angeles, California, 2011-2014.**
- **Thermal Club Racetrack Marshall Mix Design, Skanska, La Quinta, California, 2013.**
- **As-Needed Mix Designs, Granite Construction Company, Santa Barbara and Bakersfield, California, 2011 – 2013.**
- **Greenbook Mix Designs, All American Asphalt, San Fernando, California, 2012.**
- **Caltrans Route 405 RHMA Superpave Mix Design, Torrance, California, 2012.**
- **As-Needed Mix Designs, Griffith Company, Bakersfield, California, 2014.**
- **Pickett Avenue, Garden Grove, Garden Grove, California, 2012.**

Select Quality Control Testing/Observation Projects

- **Route 5, CT 12-0F96C4 Widening, Flatiron Corporation, 2015-2016.**
- **Route 405 Sepulveda Pass Widening, Kiewit Construction, Los Angeles, California, 2012-2013.**
- **Route 5 CT 07-121844 and 07-21594, Security Paving, Los Angeles, California, 2014.**
- **Route 710 CT 07-202144, Shimmick Construction, Long Beach, California, 2014.**
- **Route 65 CT 06-0E0604, Granite Construction, Bakersfield, California, 2011.**
- **Route 405 CT 07-3Y9404, All American Asphalt, Torrance, California, 2012.**

Select Airport and Port Pavement Projects

- **Los Angeles World Airports, LAWA Utilities & LAMP Enabling Projects, 2017 to present:** Providing pavement evaluation and repair recommendations for various parking lots.
- **Runway 6R-24L Extension Project, LAX, February 2016.**
- **Runway 7L-25R Safety Area Improvements, LAX October 2016.**
- **Port of Long Beach Pier E Wharf Phase 1 Stage 2, Long Beach, California, 2014.**
- **Taxilane J Improvements, Long Beach Airport, Long Beach, California, 2014.**
- **Naval Air Weapons Station Runway 14/32, Hal Hays Construction, China Lake, California, 2013.**

Select Pavement/Geotechnical Projects

- **Phase 1 Trail Improvements, Southern California Edison Corridor, Buena Park, October 2016:** Decomposed granite path recommendations for vehicular loads, concrete flatwork, and concrete pavement design.
- **UCI Lot 36 Bus Yard, Irvine, California October 2016:** Evaluation of existing parking lot for use as bus parking lot area, retaining wall geotechnical design, pole foundation geotechnical design, and concrete flatwork.
- **Jamboree and Main Intersection Widening, Irvine, California, February 2016:** Design of new pavements for widening and retaining wall geotechnical design.
- **Cerritos Avenue Sidewalk Gap Closure, Anaheim, California, July 2016:** Pavement design, concrete flatwork design, and free standing wall geotechnical design recommendations.

Select Homeowner Association Pavement Projects

- **2019 Northridge Country Community Association Pavement Reconstruction Project, July 2019 – October 2019:** Prepared plans, specs, & estimates for pavement full-depth reclamation with cement treatment reconstruction for the 2019 phase of work.
- **Columbus Grove HOA, Tustin/Irvine, August – September 2019:** Evaluation of pavement seal coat distresses on recently applied seal coating and developing pavement repair recommendations.
- **Rancho Capistrano HOA, July-September 2019:** Pavement management plan study of all streets within HOA.

- **2019 Newport Coast Community Association Costal Canyon Parking Lot Improvement Projects, February to present:** Performed pavement evaluation and prepared plans, specs, & estimates to improve various parking lots managed by Newport Coast Community Association.
- **San Joaquin Hills HOA, FY 2019 Pavement Maintenance and Repair Project**
- **Ladera Ranch Maintenance Corporation (LARMAC), Orange County, CA 2017 to current:** Providing as-needed pavement engineering and construction support services for streets & parking lots maintained by LARMAC.
- **Bay Harbour HOA, 2016 Pavement Rehabilitation Project and 2018 Pavement Reserve Budget Advisory Services, Long Beach, CA.**
- **Crystal Cove HOA Pavement Rehabilitation Project, Newport Coast, California, December 2016 to current:** Providing pavement maintenance/repair budget advisory, maintenance/repair design, and construction support services for each year's pavement project.
- **2017 Pelican Hill HOA Pavement Rehabilitation Project, Newport Coast, California, January 2017 to current:** Providing pavement maintenance/repair budget advisory, maintenance/repair design, and construction support services for each year's pavement project.
- **2017 Casta Del Sol HOA Pavement Rehabilitation Project, Mission Viejo, California, July 2017 to present.**
- **2017 Pacifica HOA Pavement Rehabilitation Project, San Clemente, California, Summer 2016.**
- **Ritz Cove HOA Vehicular Paver Design and Construction Monitoring, Dana Point, California, July 2015.**
- **2014 Niguel Shores HOA Seal Coating Project, Dana Point, California, 2014.**
- **2015-16 Pavement Rehabilitation Project, Montego HOA, Rancho San Clemente, California, Summer 2016.**
- **2016 Pavement Rehabilitation Project, Bay Harbour HOA, Long Beach, California, Summer 2016.**
- **2016 Pavement Reconstruction Project, Northridge County Community Association (Porter Ranch), Northridge, California, April 2016.**

Litigation and Expert Witness Testimony Projects

- **Can be provided on an as-requested basis due to the nature of these types of projects.**

PROFESSION

Civil Engineer

REGISTRATIONS

Registered Civil Engineer –
State of California

Qualified SWPPP Practitioner

EDUCATION

M.S. Civil Engineering
(emphasis in geotechnical
engineering)
California State University -
Fullerton

B.S. Civil Engineering
California State University -
Fullerton

PROFESSIONAL HISTORY

GMU Geotechnical, Inc.
(June 2016-Present)
Senior Engineer, Rancho Santa
Margarita, California

Twining Consulting, Inc.
(2011-2016)
Project Engineer/Manager,
Irvine, California

SUMMARY OF EXPERIENCE & QUALIFICATIONS

Mr. Sunna has over nine years of experience within the geotechnical engineering and material testing and inspection industry. His experience began in the field of geotechnical observation and testing, which is a vital component in developing site-specific, value-engineering geotechnical subsurface investigation programs that are tailored to provide clients with cost-effective geotechnical recommendations. He has implemented this strategy while working with private developers and government agencies. In addition, Mr. Sunna has extensive experience in providing project management and oversight during construction of various types of projects, ranging from street improvements to high rise buildings. His understanding and knowledge of the building code is vital in ensuring that projects are constructed per plans, specifications and the California Building Code. The following are some of his technical abilities and selected projects:

- Slope Stability Analysis
- Liquefaction Analysis
- Seismic Hazard Analysis
- Settlement Analysis
- Shallow and Deep Foundation Recommendations
- Pile Analysis and Design
- Storm Water Infiltration Analysis
- Pavement Evaluation Design
- Shoring Recommendations
- Soil Laboratory Data Evaluation
- AutoCAD Drafting

GEOTECHNICAL ENGINEERING

COMMERCIAL PROJECT EXPERIENCE

September 2019 – Colyear Brea Warehouse Building: Performed geotechnical investigation, laboratory testing, and engineering analysis for design and construction of two-story house building that is approximately 30 feet in height and covers approximately 64,000 square-feet of foot print.

June 2019 – VANS Orange County Headquarter Expansion: Performed geotechnical investigation, laboratory testing, and engineering analysis for design and construction of 3-story office building and 3-story parking structure. Due to the heavy loads and highly-compressible site soils, a shallow foundation system supported on rammed aggregate piers was recommended.

March 2019 – EF International Language Campus – New Dormitory Buildings and Site Improvements, Costa Mesa, California: Performed geotechnical investigation, laboratory testing, and engineering analysis for design and construction of two 2-story and one 3-story dorm buildings. Due to the highly expansive and wet/soft subgrade soils within the site, soil-cement treatment was recommended as part of the overexcavation to stabilize the soil beneath the foundations and reduce the expansion potential.

January 2017 – 670 Mesquit Mixed-Use Development: Performed geotechnical investigation consisting of hollow-stem-auger borings and Cone Penetration Testing soundings, laboratory testing, and engineering analysis for design and construction of approximately 2,000,000 square feet of mixed-use structure. The structure is anticipated to be 360 feet in height and stepping down to a one-story structure, underlain by four-level of subterranean parking structure.

February 2016 – Stadium Tower II, Anaheim, California: Performed geotechnical investigation consisting of hollow-stem-auger borings and Cone Penetration Testing soundings, laboratory testing, and engineering analysis for design and construction of new 12-story office tower and new parking structure up to 7-story in height.

WATER RESOURCES / SEWER IMPROVEMENTS PROJECT EXPERIENCE

July 2019 – City of Torrance Del Amo 5 / Hawthorne Boulevard Sewer Relief: Performed a geotechnical investigation by drill hollow-stem-auger borings within the proposed alignment of the sewer relief. The project consists of performing pipe bursting method for upsizing the existing sewer line for a portion of the alignment while the remaining portion consist of an open-cut method. GMU evaluated the soil conditions, groundwater conditions, and prepared a geotechnical report with findings, conclusions, and recommendations.

June 2018 – Los Angeles World Airport, Westchester Parkway Duct Bank: Performed geotechnical investigation, laboratory testing, and engineering analysis for installation of new duct bank within Westchester Parkway. Prepared a geotechnical report with shoring recommendations, subgrade preparation, and backfill of trenches in accordance with the City of Los Angeles Bureau of Engineering Department.

June 2018 – Los Angeles World Airport, Jenny Avenue Recycled Water Pipeline Valve Removal: Performed geotechnical engineering analysis and prepared a geotechnical report that includes shoring recommendations, subgrade preparation recommendations, and trench backfill recommendations for removal of an existing pipeline valve beneath Jenny Avenue. The report was reviewed and approved by the City of Los Angeles Department of Building and Safety.

INSTITUTIONAL PROJECT EXPERIENCE

February 2019 – St. Margaret’s Episcopal School, Maintenance Building and Retaining Wall, San Juan Capistrano, California: Performed geotechnical investigation, laboratory testing, engineering analysis, and prepared a geotechnical report for design and construction of 1-story maintenance building and retaining wall to support the cut that will take place within an existing slope to create room for the maintenance building.

July 2017 – City of Buena Park, Fire Station 63 Building Addition: Performed geotechnical investigation by advancing two Cone Penetration Testing (CPT) soundings within the limits of the proposed addition, obtained grab samples from the CPT, performed laboratory testing, performed engineering analysis including liquefaction analysis, and prepared a geotechnical report for design and construction of the proposed addition.

March 2017 – Chapman University, Panther Village 2, Orange, California: Performed geotechnical investigation, laboratory testing, engineering analysis, and prepared a geotechnical report for design and construction of approximately 100,000 square-feet, 3-story building over two-level of subterranean parking structure.

August 2014 – Chapman University, Center for Science and Technology, Orange, California: Performed geotechnical investigation, laboratory testing, engineering analysis, and prepared a geotechnical report for design and construction of approximately 100,000 square-feet, 3-story building over two-level of subterranean parking structure.

SPORTS PARK / FIELD TURFS PROJECT EXPERIENCE

October 2019 – San Diego Unified School, Correia Middle School Field Improvement, San Diego, California: Performed 3rd party review, observation and testing during installation of new synthetic turf within existing football field.

October 2019 – City of Newport Beach Grant Howald Park Rehabilitation, Newport Beach, California: Performed geotechnical investigation, laboratory testing, engineering analysis, and prepared a geotechnical report for design and construction of synthetic turf to replace the existing soccer field natural turf, and construction of new improvements such as new retaining walls, flatwork/hardscape, new asphalt concrete pavement, etc.

March 2018 – City of Chino Hills Grand Avenue Park Synthetic Turf Soccer Fields, Chino Hills, California: Performed geotechnical investigation, laboratory testing, engineering analysis,

and prepared a geotechnical report for design and construction of synthetic turf to replace the existing soccer field natural turf.

August 2017 – Orange Coast College Synthetic Turf Baseball Field, Costa Mesa, California: Performed geotechnical investigation, laboratory testing, engineering analysis, and prepared a geotechnical report for design and construction of replacement of the natural turf to artificial turf within existing baseball field.

PAVEMENT ENGINEERING

October 2019 – City of Torrance, Plaza Del Amo Street Improvement: Performed pavement evaluation and coring, laboratory testing, and analysis for improvement of a street that will be opened for public use.

June 2019 - City of Newport Beach, Bonita Canyon Drive and Ford Road: Performed pavement evaluation consisting of pavement surface condition assessments, corings, deflection testing, lab testing, analysis, and development of pavement rehabilitation recommendations.

May 2019 - City of Newport Beach, Bison Ave, San Joaquin Hills Road, San Nicolas: Performed pavement evaluation consisting of pavement surface condition assessments, corings, deflection testing, lab testing, analysis, and development of pavement rehabilitation recommendations.

April 2019 - City of Torrance, Crenshaw Blvd Rehabilitation Project: Performed pavement evaluation to develop pavement rehabilitation repair recommendations.

November 2018 - City of Irvine, Jamboree Road (Michelle Dr. to RR Tracks) Pavement Evaluation Project: Performed pavement evaluation consisting of deflection testing, corings, surface condition assessment, laboratory testing, analysis, and development of pavement rehabilitation repair recommendations.

May 2018 – Los Angeles World Airport, AVIS Relocation Improvements: Performed pavement evaluation for rehabilitation of existing parking lot. 5- , 10- , and 20-year design lives were developed as part of the rehabilitation recommendations.

April 2018 – Los Angeles World Airport, Hertz Holding Lot: Performed pavement engineering analysis for design and construction of a new parking lot within an existing vacant lot.

June 2013 – City of Long Beach, Cherry Avenue Rehabilitation (From Ocean Blvd. to PCH): Performed pavement evaluation consisting of coring and sampling of the subgrade soil, laboratory testing, pavement engineering analysis, and developed pavement rehabilitation recommendations.

April 2013 – City of Long Beach, Myrtle Avenue Rehabilitation (From Artesia Blvd. to 72nd Street): Performed pavement evaluation consisting of coring and sampling of the subgrade soil,

laboratory testing, pavement engineering analysis, and developed pavement rehabilitation recommendations.

CONSTRUCTION TESTING AND INSPECTION

October 2019 – City of Irvine, Culver and University Intersection Improvement: Provided project management and oversight during construction of new street widening and retaining wall. Provided engineering support and oversight and review of project dailies, coordination of special inspectors and technicians, budget oversight, and preparation of final reports.

September 2019 – City of Newport Beach Fire Station 5 & Branch Library, Newport Beach, California: Provided project management and oversight during construction of new fire station and branch library within the City of Newport Beach. Provided engineering support during grading of the building pad, engineering oversight and review of project dailies, coordination of special inspectors and technicians, budget oversight, and preparation of final reports.

September 2018 – City of San Juan Capistrano Del Obispo Street Widening: Provided project management and oversight during construction of new street widening and retaining wall. Provided engineering support and oversight and review of project dailies, coordination of special inspectors and technicians, budget oversight, and preparation of final reports.

April 2017 - Wilshire-Crescent Heights, City of Los Angeles: Provided project management and oversight during construction of new 18-story high rise building in the City of Los Angeles that will house 158 apartments over 7,000 square feet of retail space and 423 parking spaces. The concrete structure is seated on a mat slab and consisted of post-tensioned concrete decks. Provided engineering support and oversight and review of project dailies, coordination of special inspectors and technicians, budget oversight, and preparation of final reports.

August 2016 – 3033 Wilshire Apartments, City of Los Angeles: Provided project management and oversight during construction of new 23-story high rise building in the City of Los Angeles that will house 190 luxury apartments over 5,500 square feet of retail and parking structure. The structure is architecturally designed with a patterned skirt that wraps the parking levels that will appear ever-changing pattern as you move towards and around the building. The concrete structure is seated on a mat slab and consisted of post-tensioned concrete decks. Provided engineering support and oversight and review of project dailies, coordination of special inspectors and technicians, budget oversight, and preparation of final reports.

July 2016 – TEN50 Grand Condos, City of Los Angeles: Provided project management and oversight during construction of new 25-story high rise building in the City of Los Angeles that will house luxury condos over a parking structure. The structure is architecturally designed glass as the primary skin element and the protruding decks changing size as they move up the building, creating a fluid appearance across the facade. The concrete structure is seated on a mat slab and consisted of post-tensioned concrete decks. Provided engineering support and oversight and review of project dailies, coordination of special inspectors and technicians, budget oversight, and preparation of final reports. Due to the amount of glass on this building, extensive amount of water intrusion testing was performed to ensure that leakage will not occur.

Appendix B

Select Project Profiles



Appendix B

Select Project Profiles



2015 Residential Streets Rehabilitation

City of Garden Grove

This project consisted of evaluating pavements within a residential neighborhood approximately 0.5 by 0.5 square miles in Garden Grove, California (500,000 square feet or 6 to 7 lane miles of AC). The majority of the streets exhibited medium- to high-severity alligator cracking. Some streets displayed less severe distresses.

A pavement evaluation was performed to identify potential causes of the pavement deterioration. Pavement corings were performed to identify the in-place pavement structural layers and to collect samples for laboratory testing. Collected samples were returned to GMU's laboratory for in-house evaluation for various engineering properties (R-value, in-place moisture/density, soil classification, sulfate content, etc.). Pavement engineering analysis was performed to develop cost-effective pavement repair recommendations.

Repair recommendations consisted of performing full-depth reclamation (FDR) with cement treatment for the majority of the street segments within the project limits. **This recommendation is estimated to save the City approximately 40 percent in construction costs versus conventional methods.** These savings are derived from using in-place materials as part of the new pavement section, rather than exporting waste materials and importing new aggregate base and AC.

Highlights

- Estimated 40 percent construction cost savings
- Pavement coring
- In-house laboratory testing
- Full-depth reclamation

Date

- June 2015

GMU Key Staff

- Roger Schlierkamp, MSc, PE,
Director of Pavement
Engineering

Reference(s)

- Bob Moungey,
Public Works Supervisor



Photo 2: Representative pavement surface condition within residential community, Garden Grove, California.

Cold Recycled Pavement and Cement Treatment Mix Designs

County of Los Angeles

Roger Schlierkamp, MSc, PE has successfully completed many cold recycled asphalt concrete (AC) mix design projects in Los Angeles County.

Existing AC materials were collected from the roadway and tested for various engineering properties. Testing included gradation, asphalt binder content, bulk specific gravity (density), air voids, Marshall Stability, and raveling test. These results were analyzed and mix design recommendations were provided, including gradation and emulsion content for over 20 projects located throughout the County of Los Angeles.

In addition to developing cold recycled AC mix designs, cement-stabilized pulverized base (CSPB) mix designs were also developed. CSPB construction involves pulverizing the existing AC, AB, and subgrade materials, treating it with cement, and grading/recompacting it for reuse as part of the pavement structural section.

Roger has also supported LA County on various pavement rehabilitation design projects. The scope of work included: pavement surface condition assessments, field exploration (corings), laboratory testing, and development of pavement repair recommendations with focus on reuse of existing materials when appropriate.

Highlights

- Mix design development and laboratory testing services
- Cold in-place recycled asphalt concrete (CIRACP)
- Cold central-plant recycled asphalt concrete (CCPRAC)
- Cement-Stabilized Pulverized Base (CSPB)
- Pavement evaluation services

Date

- 2011 - 2014

GMU Key Staff

- Roger Schlierkamp, MSc, PE, Director of Pavement Engineering

Reference(s)

- Greg Kelley, Assistant Deputy Director, Geotechnical and Materials Engineering, gkelley@dpw.lacounty.gov, (626) 458-4911
- Van Truong, Civil Engineer, Geotechnical and Materials Engineering, vtruong@dpw.lacounty.gov, (626) 458-7950

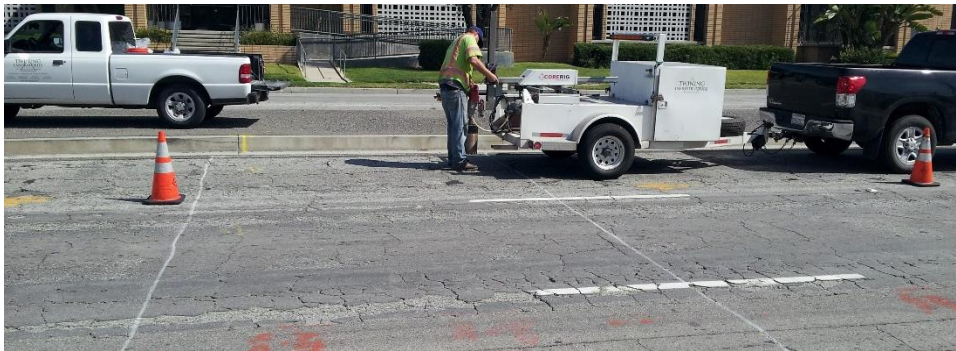


Photo 1: Pavement corings being performed on Del Amo Boulevard for subsurface investigation and for sampling in-place materials for mix design development.

Runway 6R-24L Soil-Cement Mix Design

Los Angeles International Airport (LAX)

GMU developed a soil-cement mix design for the LAX Runway 6R-24L Extension project. The runway was being extended to accommodate larger aircrafts. During construction of the runway extension, delays and additional costs were incurred to address exposed soft and pumping subgrade conditions.

In lieu of removing and replacing unstable areas, GMU proposed an alternative solution to address the unstable conditions. Cement-treatment of the subgrade soils was recommended to stabilize the soils and create a firm platform for the construction of the runway extension.

GMU developed a soil-cement mix design following Federal Aviation Administration's Construction Specifications. Laboratory tests were performed to develop a soil-cement mix design by GMU.

Highlights

- LAX Runway 6R-24L Extension
- Soil-cement mix design
- Cost-effective solution to addressing unstable soils

Date

- January 2015 - Present

GMU Key Staff

- Roger Schlierkamp, MSc, PE,
Director of Pavement
Engineering

Reference(s)

- Lew Morris,
Coffman Specialties

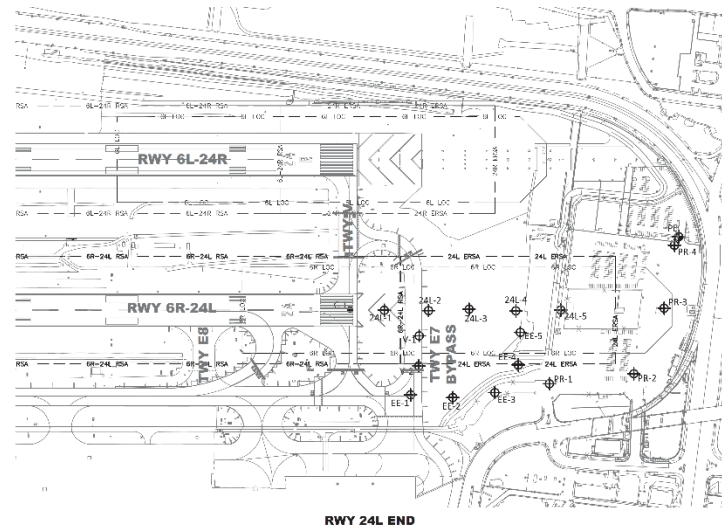
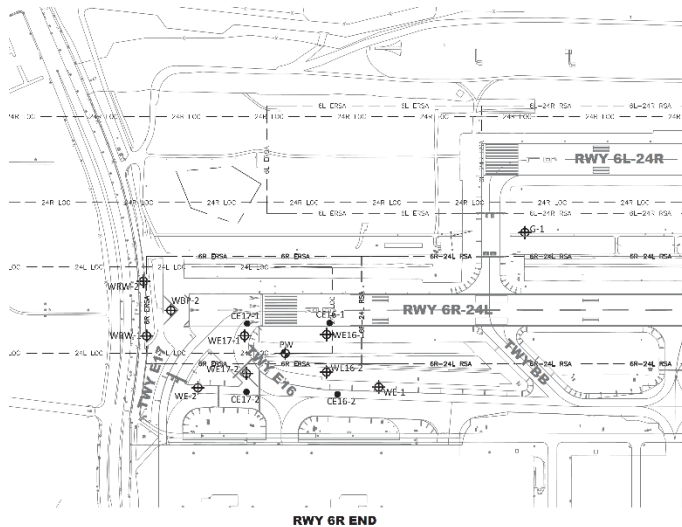


Photo 1: LAX Runway 6R-24L Extension Project

Painter Ave & Santa Fe Springs Rd Pavement Evaluation

City of Santa Fe Springs

GMU performed a pavement evaluation of Painter Avenue from Florence Avenue to Lakeland Road and Santa Fe Springs Road from Los Nietos Road to railroad crossing in the City of Santa Fe Springs. The approximate total area of AC pavements evaluated is 316,000 square feet.

GMU performed ten (10) pavement corings, laboratory testing, and pavement engineering analysis. Asphalt concrete (AC) and aggregate base (AB) thicknesses measured was 3.5 to 6.5 inches and 6 to 10 inches thick, respectively. Subgrade soils consisted of lean clays (CL), fat clays (CH) with R-value test results between 11 and 19.

Based on our field investigation and evaluation, we concluded that the primary cause of the pavement deterioration is due to aging and traffic loading exceeding the original design. In addition, the existing pavement was structurally inadequate for the current traffic conditions based on the tested R-values. Complete reconstruction of the roadways was recommended utilizing full-depth reclamation with cement treatment strategy, helping reduce construction costs.

Highlights

- Pavement evaluation
- AC Corings
- Laboratory Testing
- Structural Thickness Analysis
- Full-Depth Reclamation
- Cement Stabilized Pulverized Base Mix Design

Date

- October 2018

GMU Key Staff

- Roger W. Schlierkamp, M.Sc.,
P.E., Director of Pavement
Engineering

Reference(s)

- Noe Negrete, City Engineer
City of Santa Fe Springs
- Anissa Voyiatzes, Civil Engineer
Psomas



Photo 1: Coring Location C-10, medium- to high-severity alligator cracking, Santa Fe Springs Road, Santa Fe Springs, California

Los Patrones Parkway Pavement Design Project

Rancho Mission Viejo

This project involved developing pavement designs for the 5-mile long Los Patrones Parkway project in Orange County, California. This new roadway is aligned to link the Route 241 Freeway to future Cow Camp Road. GMU performed pavement engineering analysis and developed pavement design recommendations for the approximately 2 million square feet of proposed new pavement construction.

Alternative design recommendations were compared with conventional methods, including soil-cement treatment, geogrid, full-depth asphalt concrete, and composite asphalt concrete with aggregate base. Each option was also evaluated for construction cost, construction scheduling, and the estimated number of trucks required to transport materials.

Based on this analysis, the preferred recommendation was the soil-cement option as it resulted in an estimated \$6 million savings or nearly 40 percent savings over the conventional method. The number of estimated trucks necessary to transport materials is also reduced and the construction schedule is to be maintained.

Highlights

- Developed design that is estimated to save \$6 million in construction (40%) vs conventional methods
- Evaluated constructability
- Designed using in-place materials

Date

- January 2015

GMU Key Staff

- Roger Schlierkamp, MSc, PE, Director of Pavement Engineering
- Aron Taylor, MS, PG, CEG Vice President

Reference(s)

Gene Strojek

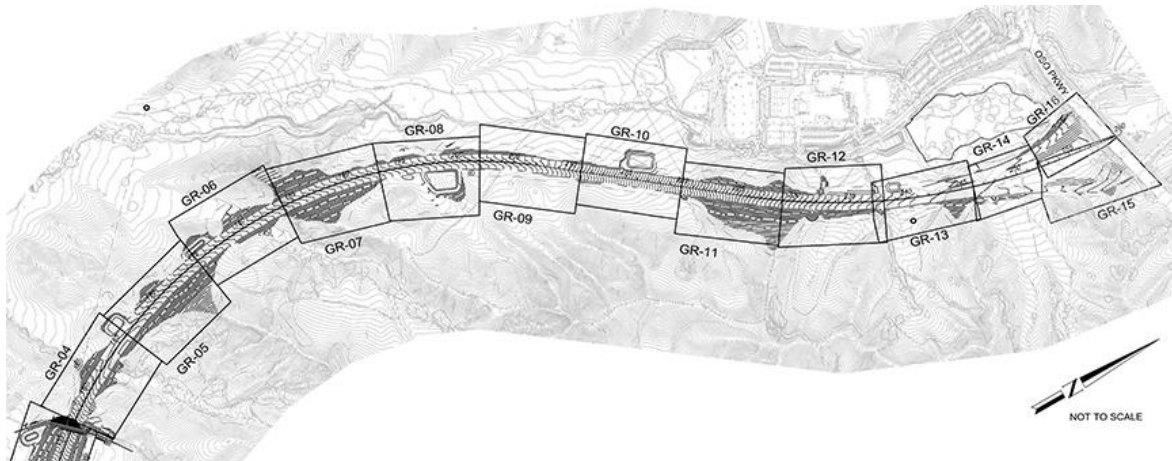


Photo 1: Los Patrones Parkway

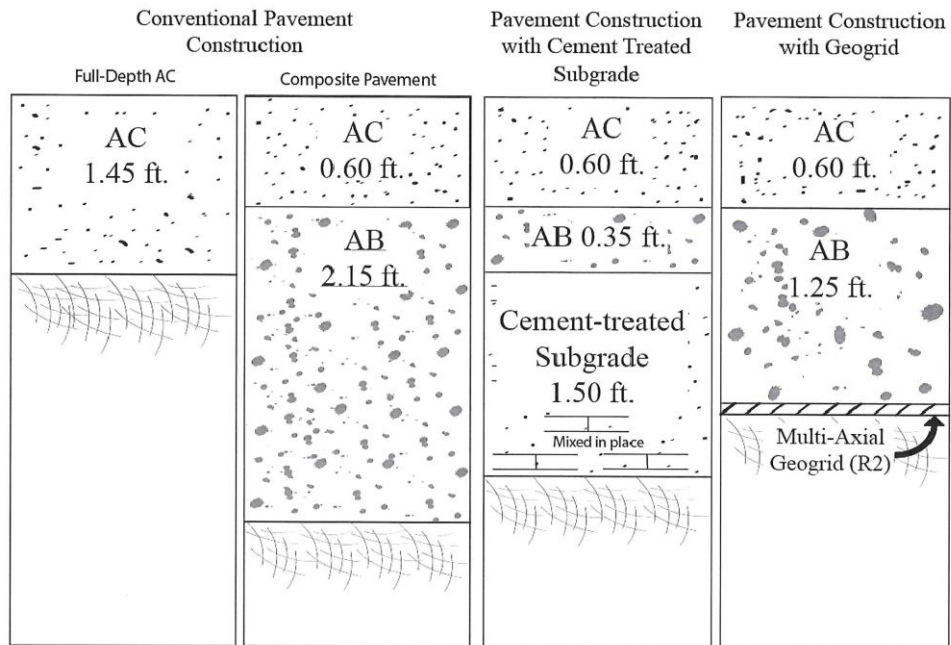


Photo 2: Conventional vs. Cement Treated vs. Geogrid Construction

Appendix C

Fee Schedule





2019 SCHEDULE OF CHARGES

PROFESSIONAL SERVICES

Document Preparation and Project Services	\$ 95.00/hour
CAD, GIS, and Geo-BIM Design	\$ 115.00/hour
Staff Engineer or Geologist	\$ 145.00/hour
Senior Staff Engineer or Geologist	\$ 175.00/hour
Project Engineer or Geologist	\$ 195.00/hour
Senior Engineer or Geologist	\$ 230.00/hour
Associate Engineer or Geologist	\$ 240.00/hour
Principal/Director	\$ 265.00/hour

FIELD INSPECTION & TESTING SERVICES

Staff Engineering Technician	\$ 105.00/hour*
• Services provided under direct supervision of a Senior Engineering Technician	
Senior Engineering Technician	\$ 115.00/hour*
• Inspections for soils/grading, asphalt, concrete, batch plants, piles/caissons, etc.	
• Certifications by ACI, ICC, Caltrans, local jurisdictions, etc.	
Registered Special Inspector (<i>No 4 hour minimum</i>)	\$ 115.00/hour*
• Certifications by ACI, ICC, Caltrans, local jurisdictions, etc.	
• Reinforced concrete, Post-Tension, Masonry, Welding, Bolting, Fireproofing	
Instrumentation Engineer	\$ 145.00/hour
• Slope inclinometer and Piezometer monitoring	
• Manometer for floor-level surveys	
• Stormwater Turbidity & pH meter	
• Groundwater Monitoring - pressure transducer, datalogger, water chemistry meter, etc.	
• Pipeline video camera for drains, wells, etc.	
Engineering Seismological Technician (includes 3-channel seismograph)	\$ 145.00/hour
• Blast vibration monitoring	
• Construction vibration & noise monitoring (pile driving, drilling, demolition, etc.)	

***Notes:**

- (1) Rates include vehicle, nuclear density gauge, and equipment for testing, inspection, and sampling.
- (2) No 4-hour minimum charges apply.
- (3) Overtime is charged at 1.5 times the base rate. Overtime is defined as time worked on the project in excess of 8 hours per day and all time on Saturdays, Sundays, and holidays.
- (4) Prevailing Wage hourly surcharge for Technicians and Inspectors per California Labor Code §1720, et seq.

\$ 22.00/hour

LABORATORY TESTING SERVICES

Laboratory Testing	\$ 117.00/hour
<i>(For special materials testing and laboratory costs on a per-test basis, see GMU's Laboratory Fee Schedule)</i>	

OTHER CHARGES

Outside Services	Cost + 15%
Reimbursables & Reprographics	Cost

Appendix D

Certifications



American Association of State Highway and Transportation Officials

AASHTO Accreditation Program Certificate of Accreditation

This is to signify that

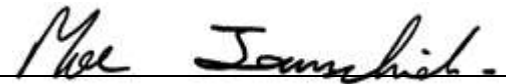
GMU Geotechnical, Inc.
in
Rancho Santa Margarita, California

has demonstrated proficiency for the testing of construction materials and
has conformed to the minimum requirements established in AASHTO R 18
set forth by the AASHTO Highway Subcommittee on Materials (HSOM).

The scope of accreditation can be viewed on the AAP Directory of
Accredited Laboratories on www.amrl.net.



Bud Wright, Executive Director



Moe Jamshidi, AASHTO HSOM Chair



STATE OF CALIFORNIA

DEPARTMENT OF

TRANSPORTATION

CALTRANS ACCREDITATION LABORATORY INSPECTION REPORT

Expiration Date: 2020-03-06**Inspected By:** Ashley Shaw**IA No.:** 68**Phone:** 949-279-8731**RSP #:** 104**File:** Material Category 500**Laboratory:** GMU Geotechnical Inc.**Address:** 23241 Arroyo Vista Rancho Santa
Margarita CA, 92688**Lab QC Mgr.:** Mike Moscrop**E-mail:** mmoscrop@gmugeo.com**Telephone:** 949-888-6513**Fax #.:** 949-888-1380A certified Independent Assurance (IA) visited this
laboratory on (Date) 6 March 2019

Only the equipment to be used on Caltrans Construction projects and/or local construction projects on the National Highway System was checked for qualification. At the time of Caltrans Accreditation, this laboratory had all necessary equipment to perform the test methods indicated below.

Testing personnel shall be Caltrans Qualified and possess a current Caltrans Certification Form TL-0111 or AASHTO Proficiency Form TL-0115 prior to performing any sampling or testing.

CT 105	CT 106	CT 125 ADMIX	CT 125 AGG	CT 125 BIT
CT 125 GEN	CT 125 HMA	CT 125 PCC	CT 201	CT 202
CT 204	CT 205	CT 206	CT 207	CT 209
CT 216	CT 217	CT 226	CT 227	CT 231
CT 301	CT 304	CT 308	CT 309	CT 366
CT 375	CT 382	CT 504	CT 518	CT 533
CT 539	CT 540	CT 541	CT 556	CT 557

A visual check was performed and documents provided as necessary for the following items:

<input checked="" type="checkbox"/> Facility Safety Manual	<input checked="" type="checkbox"/> Copies of current applicable test procedures
<input checked="" type="checkbox"/> Laboratory Procedures Manual	<input checked="" type="checkbox"/> Calibration and service documentation
<input checked="" type="checkbox"/> Laboratory Quality Control Manual	<input checked="" type="checkbox"/> Calibration stickers affixed to test equipment
<input checked="" type="checkbox"/> Proper test equipment	(dated within the 12 months)

On 3/6/19, this laboratory was Caltrans Qualified by:

Ashley R Shaw
(Printed name of IA person)

Ashley R Shaw
(Signature of IA person)

To verify most current certification status go to: <https://www.caleprocure.ca.gov>



Office of Small Business & DVBE Services

Certification ID: 59914

Legal Business Name:
GMU GEOTECHNICAL, INC.

Doing Business As (DBA) Name 1:
GMU GEOTECHNICAL, INC.

Doing Business As (DBA) Name 2:

Address:
23241 ARROYO VISTA
RANCHO SANTA MARGARITA
CA 92688-2611

Email Address:
jneff@gmugeo.com

Business Web Page:
<http://www.gmugeo.com>

Business Phone Number:
949/888-6513

Business Fax Number:
949/888-1380

Business Types:
Service

Certification Type	Status	From	To
SB	Approved	01/25/2019	01/31/2021

Stay informed! KEEP YOUR CERTIFICATION PROFILE UPDATED!
-LOG IN at [CaleProcure.CA.GOV](https://www.caleprocure.ca.gov)

Questions?
Email: OSDSHELP@DGS.CA.GOV
Call OSDS Main Number: 916-375-4940
707 3rd Street, 1-400, West Sacramento, CA 95605

CALIFORNIA DEPARTMENT OF TRANSPORTATION

Presents this CERTIFICATE to

Lucie Anderson

who is certified to perform the following tests:

Test Method	Expiration Date	IA Responsible	Associated Laboratory
CT 125 ADMIX	2021-09-06	Afsaneh Ostovar	Lab 1
CT 125 AGG	2022-09-06	Afsaneh Ostovar	Lab 1
CT 125 BIT	2021-09-06	Afsaneh Ostovar	Lab 1
CT 125 GEN	2021-09-06	Afsaneh Ostovar	Lab 1
CT 125 HMA	2022-09-06	Afsaneh Ostovar	Lab 1
CT 125 PCC	2021-09-06	Afsaneh Ostovar	Lab 1
CT 231	2021-09-06	Afsaneh Ostovar	Lab 1
CT 375	2021-09-06	Afsaneh Ostovar	Lab 1

Lab 1: GMU Geotechnical Inc., 23241 Arroyo Vista, Rancho Santa Margarita

Certified Independent Assurance (IA)

Date issued: 10/17/2019

Note: This certificate is valid as long as the Tester complies with applicable requirements in Caltrans' Independent Assurance Program Manual.

Certificate of Completion



THIS ACKNOWLEDGES THAT

Lucie Anderson

HAS COMPLETED THE "ASPHALT PAVEMENT 101" (INTRODUCTION TO ASPHALT PAVEMENTS)
CLASS OFFERED BY THE CALIFORNIA ASPHALT PAVEMENT ASSOCIATION (CALAPA)

ROGER D. SMITH, INSTRUCTOR

BRANDON B. MILAR, P.E., TECHNICAL DIRECTOR

RUSSELL W. SNYDER, CAE, EXECUTIVE DIRECTOR

March 20, 2019

DATE

COMPLETION OF THIS CLASS REPRESENTS FOUR (4) PROFESSIONAL DEVELOPMENT HOURS (PDH) OF TECHNICAL INSTRUCTION IN THE
AREA OF ASPHALT PAVEMENTS.

California Asphalt Pavement Association (CalAPA) P.O. Box 981300 W. Sacramento, CA 95798 (916) 791-5044 www.calapa.net

Professional Development Certificate



Constructing Quality Asphalt Pavements

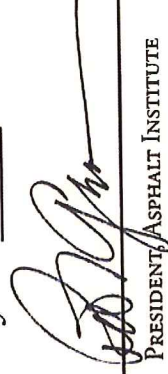
Awarded to

Lucie Anderson

*For participating in 7.5 hours Professional Development Hours conforming to the
Institute's precepts of engineering, research and education.*

Awarded this 28th day of February in the year 2019.




PRESIDENT, ASPHALT INSTITUTE

CALIFORNIA DEPARTMENT OF TRANSPORTATION

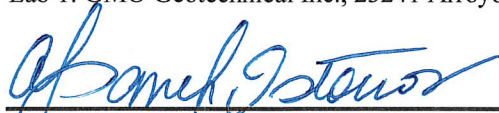
Presents this CERTIFICATE to

Jacques Brosseau

who is certified to perform the following tests:

Test Method	Expiration Date	IA Responsible	Associated Laboratory
CT 375	2021-09-06	Afsaneh Ostovar	Lab 1

Lab 1: GMU Geotechnical Inc., 23241 Arroyo Vista, Rancho Santa Margarita



Certified Independent Assurance (IA)
Date issued: 10/17/2019

Note: This certificate is valid as long as the Tester
complies with applicable requirements in Caltrans'
Independent Assurance Program Manual.



CALIFORNIA DEPARTMENT OF TRANSPORTATION

Presents this CERTIFICATE to

John Villarraga

who is certified to perform the following tests:

Test Method	Expiration Date	IA Responsible	Associated Laboratory
CT 370	2020-09-06	Afsaneh Ostovar	(No lab)
CT 382	2021-09-06	Afsaneh Ostovar	Lab 1

Lab 1: GMU Geotechnical Inc., 23241 Arroyo Vista, Rancho Santa Margarita

No Lab: Laboratory associated with the tester is not accredited to perform the test method identified. Testers must be associated with an accredited laboratory.



Certified Independent Assurance (IA)

Date issued: 10/17/2019

Note: This certificate is valid as long as the Tester complies with applicable requirements in Caltrans' Independent Assurance Program Manual.



CALIFORNIA DEPARTMENT OF TRANSPORTATION

Presents this CERTIFICATE to

Kossuth Cox

who is certified to perform the following tests:

Test Method	Expiration Date	IA Responsible	Associated Laboratory
CT 125 ADMIX	2021-09-06	Afsaneh Ostovar	Lab 1
CT 125 AGG	2022-09-06	Afsaneh Ostovar	Lab 1
CT 125 BIT	2021-09-06	Afsaneh Ostovar	Lab 1
CT 125 GEN	2021-09-06	Afsaneh Ostovar	Lab 1
CT 125 HMA	2022-09-06	Afsaneh Ostovar	Lab 1
CT 125 PCC	2021-09-06	Afsaneh Ostovar	Lab 1
CT 231	2021-09-06	Afsaneh Ostovar	Lab 1
CT 375	2021-09-06	Afsaneh Ostovar	Lab 1

Lab 1: GMU Geotechnical Inc., 23241 Arroyo Vista, Rancho Santa Margarita



Certified Independent Assurance (IA)
Date issued: 10/17/2019

Note: This certificate is valid as long as the Tester
complies with applicable requirements in Caltrans'
Independent Assurance Program Manual.

CALIFORNIA DEPARTMENT OF TRANSPORTATION

Presents this

CERTIFICATE OF PROFICIENCY

to

Royce Gould

(Print Name)

GMU Geotechnical

(Print Agency)



who is qualified to perform the following tests:

CTM 125-Sampling Agg., Soil & Lime 03/20

CTM 125-Sampling HMA 03/20

CTM 125-Sampling Bituminous Materials 03/20

CTM 125-Sampling PCC 03/20

CTM 125-Sampling PCC Admixtures 03/20

CTM 231 - R. Compaction (Nuke) 03/20

Test Methods & Expirations

Test Methods & Expirations

Afsaneh Ostovar

AFSANEH OSTOVAR I.A.# 096
Certified Independent Assurance (IA)

Date Issued: March 16, 2018

Note: This certificate is valid as long as the Tester
complies with applicable requirements in **Caltrans**
Independent Assurance Program Manual.

CALIFORNIA DEPARTMENT OF TRANSPORTATION

Presents this

CERTIFICATE OF PROFICIENCY

to

Russel Price

(Print Name)

GMU Geotechnical

(Print Agency)



who is qualified to perform the following tests:

CTM 125-Sampling Agg., Soil & Lime 03/20

CTM 125-Sampling HMA 03/20

CTM 125-Sampling Bituminous Materials 03/20

CTM 125-Sampling PCC 03/20

CTM 125-Sampling PCC Admixtures 03/20

CTM 231 - R. Compaction (Nuke) 03/20

Test Methods & Expirations

Test Methods & Expirations

Afsaneh Ostovar

AFSANEH OSTOVAR I.A.# 096
Certified Independent Assurance (IA)

Date Issued: March 16, 2018

Note: This certificate is valid as long as the Tester
complies with applicable requirements in **Caltrans**
Independent Assurance Program Manual.

CALIFORNIA DEPARTMENT OF TRANSPORTATION

Presents this

CERTIFICATE OF PROFICIENCY

to

Jade Sill

(Print Name)

GMU Geotechnical

(Print Agency)



who is qualified to perform the following tests:

CTM 125-General 03/20

CTM 125-Sampling Agg., Soil & Lime 03/20

CTM 231 - R. Compaction (Nuke) 03/20

Test Methods & Expirations

Test Methods & Expirations

Afsaneh Ostovar

AFSANEH OSTOVAR I.A.# 096
Certified Independent Assurance (IA)

Date Issued: March 16, 2018

Note: This certificate is valid as long as the Tester
complies with applicable requirements in **Caltrans**
Independent Assurance Program Manual.

CALIFORNIA DEPARTMENT OF TRANSPORTATION

Presents this CERTIFICATE to

John Strauss

who is certified to perform the following tests:

Test Method	Expiration Date	IA Responsible	Associated Laboratory
CT 504	2024-08-03	Sarbjit Grewal	Lab 1
CT 518	2024-08-03	Sarbjit Grewal	Lab 1
CT 539	2024-08-03	Sarbjit Grewal	Lab 1
CT 540	2024-08-03	Sarbjit Grewal	Lab 1
CT 543	2024-08-03	Sarbjit Grewal	(No lab)
CT 556	2024-08-03	Sarbjit Grewal	Lab 1
CT 557	2024-08-03	Sarbjit Grewal	Lab 1

Lab 1: GMU Geotechnical Inc., 23241 Arroyo Vista, Rancho Santa Margarita

No Lab: Laboratory associated with the tester is not accredited to perform the test method identified. Testers must be associated with an accredited laboratory.

Sarbjit Grewal I.A. 131

Certified Independent Assurance (IA)

Date issued: 09/16/2019

Note: This certificate is valid as long as the Tester complies with applicable requirements in Caltrans' Independent Assurance Program Manual.



CALIFORNIA DEPARTMENT OF TRANSPORTATION

Presents this CERTIFICATE to

John Strauss

who is certified to perform the following tests:

Test Method	Expiration Date	IA Responsible	Associated Laboratory
CT 125 AGG	2020-09-06	Afsaneh Ostovar	Lab 1
CT 231	2020-09-06	Afsaneh Ostovar	Lab 1

Lab 1: GMU Geotechnical Inc., 23241 Arroyo Vista, Rancho Santa Margarita



Certified Independent Assurance (IA)

Date issued: 10/17/2019

Note: This certificate is valid as long as the Tester
complies with applicable requirements in Caltrans'
Independent Assurance Program Manual.

CALIFORNIA DEPARTMENT OF TRANSPORTATION

Presents this CERTIFICATE to

Aaron Yett

who is certified to perform the following tests:

Test Method	Expiration Date	IA Responsible	Associated Laboratory
CT 125 AGG	2020-06-28	Afsaneh Ostovar	Lab 1
CT 125 HMA	2020-06-28	Afsaneh Ostovar	Lab 1
CT 231	2020-06-28	Afsaneh Ostovar	Lab 1
CT 375	2020-06-28	Afsaneh Ostovar	Lab 1

Lab 1: GMU Geotechnical Inc., 23241 Arroyo Vista, Rancho Santa Margarita



Certified Independent Assurance (IA)

Date issued: 07/02/2019

Note: This certificate is valid as long as the Tester complies with applicable requirements in Caltrans' Independent Assurance Program Manual.



CALIFORNIA DEPARTMENT OF TRANSPORTATION

Presents this CERTIFICATE to

Ali Zalghout

who is certified to perform the following tests:

Test Method	Expiration Date	IA Responsible	Associated Laboratory
CT 125 AGG	2020-09-06	Afsaneh Ostovar	Lab 1
CT 125 GEN	2020-09-06	Afsaneh Ostovar	Lab 1
CT 125 HMA	2020-09-06	Afsaneh Ostovar	Lab 1
CT 231	2020-09-06	Afsaneh Ostovar	Lab 1
CT 375	2020-09-06	Afsaneh Ostovar	Lab 1

Lab 1: GMU Geotechnical Inc., 23241 Arroyo Vista, Rancho Santa Margarita



Certified Independent Assurance (IA)

Date issued: 10/17/2019

Note: This certificate is valid as long as the Tester
complies with applicable requirements in Caltrans'
Independent Assurance Program Manual.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

10/24/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # 0E67768 IOA Insurance Services 4370 La Jolla Village Drive Suite 600 San Diego, CA 92122	CONTACT NAME: Erica Wilson PHONE (A/C, No, Ext): (858) 754-0063 50233 FAX (A/C, No): (619) 574-6288 E-MAIL ADDRESS: Erica.Wilson@ioausa.com
INSURED GMU Geotechnical, Inc. 23241 Arroyo Vista Rancho Santa Margarita, CA 92688	INSURER(S) AFFORDING COVERAGE INSURER A : RLI Insurance Company INSURER B : Continental Casualty Company INSURER C : INSURER D : INSURER E : INSURER F : NAIC # 13056 20443

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Cont Liab/Sev of Int GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:	X		PSB0005783	11/1/2018	11/1/2019	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Deductible \$ 0
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY Comp.: \$1,000 <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY Coll.: \$1,000	X		PSA0002105	11/1/2018	11/1/2019	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB DED <input checked="" type="checkbox"/> RETENTION \$ 0			PSE0002541	11/1/2018	11/1/2019	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$
A	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N N	N / A	PSW0003341	11/1/2018	11/1/2019	<input checked="" type="checkbox"/> PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
B	Prof Liab/Clm Made			MCH591883118	12/31/2018	12/31/2019	Per Claim 2,000,000
B	Ded.: \$50K Per Claim			MCH591883118	12/31/2018	12/31/2019	Aggregate 2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Re: Groves at Orchard Hills Community Association

City of Garden Grove, it's officers, officials, employees, agents and volunteers are Additional Insureds with respect to General and Auto Liability per the attached endorsements as required by written contract. Insurance is Primary and Non-Contributory.

30 Days Notice of Cancellation with 10 Days Notice for Non-Payment of Premium in accordance with the policy provisions.

CERTIFICATE HOLDER

CANCELLATION

City of Garden Grove 11222 Acacia Parkway Garden Grove, CA 92840	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE T. Kelly Howell
--	--

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RLIPack[®] FOR PROFESSIONALS SCHEDULED ADDITIONAL INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM – SECTION II – LIABILITY

Schedule

Name of Person(s) or Organization(s): City of Garden Grove, it's officers, officials, employees, agents and volunteers

1. SECTION II C. Who Is An Insured is amended to include as an additional insured the person or organization shown in the schedule above, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused in whole or in part by you or those acting on your behalf:

- a. In the performance of your ongoing operations;
- b. In connection with premises owned by or rented to you; or
- c. In connection with "your work" and included within the "product-completed operations hazard".

2. The insurance provided to the additional insured by this endorsement is limited as follows:

- a. This insurance does not apply to the rendering of or failure to render any "professional services".
- b. This endorsement does not increase any of the limits of insurance stated in **D. Liability And Medical Expenses Limits of Insurance**.

3. The following is added to **SECTION III H.2. Other Insurance – COMMON POLICY CONDITIONS (BUT APPLICABLE ONLY TO SECTION II – LIABILITY)**

However, if you specifically agree in a contract or agreement that the insurance provided to an additional insured under this policy must apply on a

primary basis, or a primary and non-contributory basis, this insurance is primary to other insurance that is available to such additional insured which covers such additional insured as a named insured, and we will not share with that other insurance, provided that:

- a. The "bodily injury" or "property damage" for which coverage is sought occurs after you have entered into that contract or agreement; or
- b. The "personal and advertising injury" for which coverage is sought arises out of an offense committed after you have entered into that contract or agreement.

4. The following is added to **SECTION III K.2 Transfer of Rights of Recovery Against Others to Us – COMMON POLICY CONDITIONS (BUT APPLICABLE TO SECTION I – PROPERTY AND SECTION II – LIABILITY)**

We waive any rights of recovery we may have against any person or organization because of payments we make for "bodily injury", "property damage" or "personal and advertising injury" arising out of "your work" performed by you, or on your behalf, under a contract or agreement with that person or organization. We waive these rights only where you have agreed to do so as part of a contract or agreement with such person or organization entered into by you before the "bodily injury" or "property damage" occurs, or the "personal and advertising injury" offense is committed.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED INSURED FOR COVERED AUTOS LIABILITY COVERAGE

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

This endorsement identifies person(s) or organization(s) who are "insureds" for Covered Autos Liability Coverage under the Who Is An Insured provision of the Coverage Form. This endorsement does not alter coverage provided in the Coverage Form.

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Named Insured: GMU Geotechnical, Inc.
Policy Number: PSA0002105

SCHEDULE

Name Of Person(s) Or Organization(s): City of Garden Grove, it's officers, officials, employees, agents and volunteers

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Each person or organization shown in the Schedule is an "insured" for Covered Autos Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured provision contained in Paragraph **A.1.** of Section **II** – Covered Autos Liability Coverage in the Business Auto and Motor Carrier Coverage Forms and Paragraph **D.2.** of Section **I** – Covered Autos Coverages of the Auto Dealers Coverage Form.

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

A. Broad Form Named Insured

The following is added to the **SECTION II – LIABILITY Coverage**, Paragraph **A.1. Who Is An Insured** Provision:

Any business entity newly acquired or formed by you during the policy period, provided you own fifty percent (50%) or more of the business entity and the business entity is not separately insured for Business Auto Coverage. Coverage is extended up to a maximum of one hundred eighty (180) days following the acquisition or formation of the business entity.

This provision does not apply to any person or organization for which coverage is excluded by endorsement.

B. Employees As Insureds

The following is added to the **SECTION II – LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** Provision:

Any "employee" of yours is an "insured" while using a covered "auto" you don't own, hire or borrow in your business or your personal affairs.

C. Blanket Additional Insured

The following is added to the **SECTION II – LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** Provision:

Any person or organization that you are required to include as an additional insured on this coverage form in a contract or agreement that is executed by you before the "bodily injury" or "property damage" occurs is an "insured" for liability coverage, but only for damages to which this insurance applies and only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured provision contained in **SECTION II – LIABILITY COVERAGE**.

The insurance provided to the additional insured will be on a primary and non-contributory basis to the additional insured's own business auto coverage if you are required to do so in a contract or agreement that is executed by you before the "bodily injury" or "property damage" occurs.

D. Blanket Waiver Of Subrogation

The following is added to the **SECTION IV – BUSINESS AUTO CONDITIONS, A. Loss Conditions, 5. Transfer Of Rights Of Recovery Against Others To Us**:

We waive any right of recovery we may have against any person or organization to the extent required of you by a contract executed prior to any "accident" or "loss", provided that the "accident" or "loss" arises out of the operations contemplated by such contract. The waiver applies only to the person or organization designated in such contract.

E. Employee Hired Autos

1. The following is added to the **SECTION II – LIABILITY COVERAGE**, Paragraph **A.1. Who Is An Insured** Provision:

An "employee" of yours is an "insured" while operating an "auto" hired or rented under a contract or agreement in that "employee's" name, with your permission, while performing duties related to the conduct of your business.

2. Changes In General Conditions:

Paragraph **5.b.** of the **Other Insurance Condition** in the **BUSINESS AUTO CONDITIONS** is deleted and replaced with the following:

b. For Hired Auto Physical Damage Coverage, the following are deemed to be covered "autos" you own:

- (1)** Any covered "auto" you lease, hire, rent or borrow; and
- (2)** Any covered "auto" hired or rented by your "employee" under a contract in that individual "employee's" name, with your permission, while performing duties related to the conduct of your business. However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

F. Fellow Employee Coverage

SECTION II – LIABILITY COVERAGE, Exclusion B.5. does not apply if you have workers compensation insurance in-force covering all of your employees.

G. Auto Loan Lease Gap Coverage

SECTION III – PHYSICAL DAMAGE COVERAGE, C. Limit Of Insurance, is amended by the addition of the following:

In the event of a total "loss" to a covered "auto" shown in the Schedule of Declarations, we will pay any unpaid amount due on the lease or loan for a covered "auto", less:

CONSULTANT AGREEMENT

THIS AGREEMENT is made this **17TH** day of **December** 2019, by the CITY OF GARDEN GROVE, a municipal corporation, ("CITY"), and GEOCON WEST INC., a California Corporation ("CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to Garden Grove Council authorization dated December 17, 2019
2. CITY desires to utilize the services of CONSULTANT to provide On-Call Geotechnical Services.
3. CONSULTANT is qualified by virtue of experience, training, education and expertise to accomplish services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term of Agreement:** This Agreement shall cover services rendered from date of this Agreement until compensation reaches the not to exceed amount or sooner terminated per Section 3.5
2. **Services to be Provided:** The services to be performed by CONSULTANT shall consist of the services as further specified in CONSULTANT'S proposal attached hereto as Exhibit ____ and incorporated herein by reference. CONSULTANT agrees that is provision of Services under this agreement shall be within accepted accordance with customary and usual practices in CONSULTANT'S profession. By executing this Agreement, CONSULTANT warrants that it has carefully considered how the work should be performed and fully understands the facilities, difficulties, and restrictions attending performance of the work under this agreement.
3. **Compensation.** CONSULTANT shall be compensated as follows:
 - 3.1 **Amount.** Compensation under this Agreement shall be per fee schedule included in the Proposal.
 - 3.2 **Not to Exceed.** Compensation under this Agreement shall not exceed \$300,000.00.
 - 3.3 **Payment.** For work under this Agreement, payment shall be made per monthly invoice. For extra work not a part of this Agreement, a written authorization by CITY will be required.

- 3.4 Records of Expenses. CONSULTANT shall keep complete and accurate records of payroll costs, travel and incidental expenses. These records will be made available at reasonable times to CITY.
- 3.5 Termination. CITY and CONSULTANT shall each have the right to terminate this Agreement, without cause, by giving thirty-(30) days written notice of termination to the other party. If CITY terminates the project, then the provisions of paragraph 3 shall apply to that portion of the work completed.

4. **Insurance Requirements**

- 4.1 Commencement of Work CONSULTANT shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the CITY. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the CITY of any material change, cancellation, or termination at least thirty (30) days in advance.
- 4.2 Workers Compensation Insurance For the duration of this Agreement, CONSULTANT and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law, if applicable. The insurer shall waive its rights of subrogation against the CITY, its officers, officials, agents, employees, and volunteers.
- 4.3 Insurance Amounts CONSULTANT shall maintain the following insurance for the duration of this Agreement:
- a) Commercial general liability in the amount of \$1,000,000 per occurrence; (claims made and modified occurrence policies are not acceptable); Insurance companies must be admitted and licensed in California and have a Best's Guide Rating of A-, Class VII or better, as approved by the CITY;
 - b) Automobile liability in the amount of \$1,000,000 per occurrence; (claims made and modified occurrence policies are not acceptable) Insurance companies must be admitted and licensed in California and have a Best's Guide Rating of A-, Class VII or better, as approved by the CITY.
 - c) Professional liability in the amount of \$1,000,000 per occurrence; Insurance companies must be acceptable to CITY and have an AM Best's Guide Rating of A-, Class VII or better, as approved by the CITY. If the policy is written on a "claims made" basis, the policy shall be continued in full force and effect at all times during the term of the agreement, and for a period of three (3) years from the date of the completion of services provided. In the event of termination, cancellation, or material change in the policy,

professional/consultant shall obtain continuing insurance coverage for the prior acts or omissions of professional/consultant during the course of performing services under the term of the agreement. The coverage shall be evidenced by either a new policy evidencing no gap in coverage, or by obtaining separate extended "tail" coverage with the present or new carrier.

An Additional Insured Endorsement, **ongoing and completed operations**, for the policy under section 4.3 (a) shall designate CITY, its officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the CONSULTANT. CONSULTANT shall provide to CITY proof of insurance and endorsement forms that conform to city's requirements, as approved by the CITY.

An Additional Insured Endorsement for the policy under section 4.3 (b) shall designate CITY, its officers, officials, employees, agents, and volunteers as additional insureds for automobiles owned, lease, hired, or borrowed by CONSULTANT. CONSULTANT shall provide to CITY proof of insurance and endorsement forms that conform to CITY's requirements, as approved by the CITY.

For any claims related to this Agreement, CONSULTANT's insurance coverage shall be primary insurance as respects to CITY, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the CITY, its officers, officials, employees, agents, or volunteers shall be excess of the CONSULTANT's insurance and shall not contribute with it.

If CONSULTANT maintains higher insurance limits than the minimums shown above, CONSULTANT shall provide coverage for the higher insurance limits otherwise maintained by the CONSULTANT.

5. **Non-Liability of Officials and Employees of the CITY.** No official or employee of CITY shall be personally liable to CONSULTANT in the event of any default or breach by CITY, or for any amount, which may become due to CONSULTANT.
6. **Non-Discrimination.** CONSULTANT covenants there shall be no discrimination against any person or group due to race, color, creed, religion, sex, marital status, age, handicap, national origin or ancestry, in any activity pursuant to this Agreement.
7. **Independent Contractor.** It is understood and agreed that CONSULTANT, including CONSULTANT's employees, shall act and be independent contractor(s) and not agent(s) or employee(s) of CITY, and that no relationship of employer-employee exists between the parties. CONSULTANT's assigned personnel shall not obtain or be entitled to any rights or benefits that accrue to, or are payable to, CITY employees, and CONSULTANT shall so inform each

employee organization and each employee who is hired or retained under this Agreement. CITY is not required to make any deductions or withholdings from the compensation payable to CONSULTANT under the provisions of this Agreement, and is not required to issue W-2 Forms for income and employment tax purposes for any of CONSULTANT's assigned personnel. CONSULTANT hereby expressly assumes all responsibility and liability for the payment of wages and benefits to its assigned personnel, and all related reporting and withholding obligations. CONSULTANT hereby agrees to indemnify and hold CITY harmless from any and all claims or liabilities that CITY may incur arising from any contention by any third party, including, but not limited to, any employee of CONSULTANT or any federal or state agency or other entity, that an employer-employee relationship exists by reason of this Agreement, including, without limitation, claims that CITY is responsible for retirement or other benefits allegedly accruing to CONSULTANT's assigned personnel.

8. **Compliance With Law.** CONSULTANT shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government. CONSULTANT shall comply with, and shall be responsible for causing all contractors and subcontractors performing any of the work pursuant to this Agreement, if any, to comply with, all applicable federal and state labor standards, including, to the extent applicable, the prevailing wage requirements promulgated by the Director of Industrial Relations of the State of California Department of Labor. The City makes no warranty or representation concerning whether any of the work performed pursuant to this Agreement constitutes public works subject to the prevailing wage requirements.
9. **Disclosure of Documents.** All documents or other information developed or received by CONSULTANT are confidential and shall not be disclosed without authorization by CITY, unless disclosure is required by law.
10. **Ownership of Work Product.** All documents or other information developed or received by CONSULTANT shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.
11. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.
12. **Notices.** All notices shall be personally delivered or mailed to the below listed addresses, or to such other addresses as may be designated by written notice. These addresses shall be used for delivery of service of process.

(a) Address of CONSULTANT is as follows:

GEOCON WEST
15520 ROCKFIELD BLVD
SUITE J
IRVINE CA 92618

(b) Address of CITY is as follows (with a copy to):

Engineering:
City of Garden Grove
P.O. Box 3070
Garden Grove, CA 92840

City Attorney
City of Garden Grove
P.O. Box 3070
Garden Grove, CA 92840

13. **CONSULTANT'S Proposal.** This Agreement shall include CONSULTANT'S proposal, Exhibit "A" hereto, which shall be incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.
14. **Licenses, Permits and Fees.** At its sole expense, CONSULTANT shall obtain a **Garden Grove Business License**, all permits and licenses as may be required by this Agreement.
15. **Familiarity With Work.** By executing this Agreement, CONSULTANT warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the facilities, difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any latent or unknown conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY of this and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.
16. **Time of Essence.** Time is of the essence in the performance of this Agreement.
17. **Limitations Upon Subcontracting and Assignment.** The experience, knowledge, capability and reputation of CONSULTANT, its principals and employees were a substantial inducement for CITY to enter into this Agreement. CONSULTANT shall not contract with any other entity to perform the services required without written approval of the CITY. This Agreement may not be assigned voluntarily or by operation of law, without the prior written approval of CITY. If CONSULTANT is permitted to subcontract any part of this Agreement, CONSULTANT shall be responsible to CITY for the acts and omissions of its subcontractor as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and CITY. All persons engaged in the work will be considered employees of CONSULTANT. CITY will deal directly with and will make all payments to CONSULTANT.

18. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the parties are formally bound.
19. **Indemnification.** To the fullest extent permitted by law, CONSULTANT agrees to protect, defend, and hold harmless CITY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damages of any nature, including interference with use of property, arising out of, or in any way connected with the negligence, recklessness and/or intentional wrongful conduct of CONSULTANT, CONSULTANT'S agents, officers, employees, subcontractors, or independent contractors hired by CONSULTANT in the performance of the Agreement. The only exception to CONSULTANT'S responsibility to protect, defend, and hold harmless CITY, is due to the negligence, recklessness and/or wrongful conduct of CITY, or any of its elective or appointive boards, officers, agents, or employees.
- This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONSULTANT.
20. **Modification.** This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified only by subsequent mutual written agreement executed by CITY and CONSULTANT.
21. **Waiver.** All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the CITY and CONSULTANT.
22. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the central branch of the Orange County Superior Court.
23. **Interpretation.** This Agreement shall be interpreted as though prepared by both parties
24. **Preservation of Agreement.** Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS THEREOF, these parties hereto have caused this Agreement to be executed as of the date set forth opposite the respective signatures.

"CITY"
CITY OF GARDEN GROVE

Dated: _____, 2019

By: _____
City Manager

ATTEST

"CONSULTANT"

City Clerk

By: _____
Title: _____

Dated: _____, 2019

Dated: _____, 2019

APPROVED AS TO FORM:

If CONSULTANT/CONTRACTOR is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to CITY

Garden Grove City Attorney

Dated: _____, 2019

PROPOSAL TO PROVIDE ON-CALL GEOTECHNICAL SERVICES



Due: Thursday, December 5, 2019 at 4:00 p.m.



Presented To:

City of Garden Grove, Public Works Department
11222 Acacia Parkway
Garden Grove, CA 92840
Attention: Mr. Mark Uphus, Senior Civil Engineer
Tel. (714) 741-5191
Email: marku@ggcity.org

Submitted By:

Geocon West, Inc.

15520 Rockfield Boulevard, Suite J
Irvine, CA 92618

Jelisa Thomas Adams, Vice President
Regional Manager, Page 63 of 65

Tel. (949) 491-6570

Email: jelisa@geoconinc.com

Geocon Proposal No. 2019-408

December 2, 2019

Mr. Mark Uphus, Senior Civil Engineer
City of Garden Grove, Public Works Department
11222 Acacia Parkway, Garden Grove, CA 92840

Subject: PROPOSAL TO PROVIDE ON-CALL GEOTECHNICAL SERVICES

Dear Mr. Uphus,

We are pleased to introduce our firm and present this proposal to provide On-Call Geotechnical and Related Professional Services for the City of Garden Grove.

What makes GEOCON UNIQUE?

Geocon is the largest California-only firm that provides geotechnical, environmental, and materials testing and inspection services and is the second largest member of CalGeo (The Voice of California's Consulting Geotechnical Engineers). Geocon has grown organically since 1971 and has the same commitment to quality, services, and strong relationships that its founders instilled more than 45 years ago. As a California-only company, we have 9 regional offices across the state with over 260 technically strong, highly motivated engineers, geologists, environmental scientists, technicians, and special inspectors. Projects are always managed by California licensed professional staff members that are familiar with California Building Code requirements. This ensures proper report preparation and efficient interaction with the building official. In many instances, we are on a first name basis with the building official staff providing review of reports and construction documents. It is our policy to return telephone calls and respond to RFIs the same day they are received, whenever possible.

Our contact information for future correspondence is:

Geocon West, Inc.

Ms. Jelisa Thomas Adams, GE, Vice President
Local Office | 15520 Rockfield Blvd., Suite J, Irvine CA 92618
E| jelisa@geoconinc.com T| 949.941.6570

We bring the following KEY ADVANTAGES to this project:

- ✓ **An experienced, local and available team.** Geocon offers an experienced local team you can trust. Our Irvine office is *less than 20 miles* from the City. We are easily accessible and readily available to accommodate your needs for the geotechnical engineering, materials testing, construction inspection and environmental consulting services.
- ✓ **We bring innovative and creative thinking to all of our projects.** Our goal on every project is to develop cost-effective, innovative, practical geotechnical solutions. Geocon consistently delivers services in accordance with schedules and budgets, and maintains great working relationships with our clients.
- ✓ **We have a local accredited in-house soils and materials testing laboratory.** Our laboratories are certified by the AASHTO/AMRL, Caltrans, CCRL, Division of State Architect (DSA LEA Nos. [152](#), [203](#), and [235](#)), and City of Los Angeles. Our testing laboratories can provide soil and materials testing services 24 hours a day, 7 days a week.
- ✓ **We practice a value-added approach to our testing, inspection and observation services.** We recognize your most significant project costs will be incurred during construction. Therefore, our mission is to add value to your projects during construction by providing multi-certified soils and materials inspectors.

Geocon has performed on-call geotechnical engineering and materials testing services for numerous municipalities, state agencies, water districts, and school districts within the past five years. Recently, we have worked with the City of Newport Beach, City of Pasadena, City of Temecula, City of Hesperia, County of Los Angeles, and the County of San Bernardino on various on-call task orders. Additionally, we have worked with local educational institutions including Anaheim Elementary School District, Newport Mesa Unified School District, Irvine Unified School District, Huntington Beach City School District, Coast Community College District, and Rancho Santiago Community College District.

I certify that I have read the attached RFQ and accompanying instructions and that I am authorized to bind the firm to all commitments made in the proposal. This proposal will be valid for a minimum of 90 days. Furthermore, I confirm that Geocon is able to comply with the insurance requirements outlined in the sample copy of the City's Standard Consultant Agreement.

Sincerely,

Geocon West, Inc.



Jelisa Thomas Adams, GE
Vice President/ Senior Engineer

QUALIFICATIONS AND PROJECT APPROACH

The City of Garden Grove is seeking proposals from qualified Consultants to provide On-Call Geotechnical and Related Professional Services for future Public Works projects. Geocon has thoroughly reviewed the contents of the City's RFP dated November 14, 2019 (with a due date of December 5, 2019) and understands that the City wishes to select consultants for on-call services for a period of three years. The Garden Grove Department of Public Works develops, operates, maintains, and upgrades the City's infrastructure. The public works projects anticipated to need geotechnical services are primarily capital improvement projects for transportation, water supply, and sewer and storm drain maintenance.

The scope of anticipated services is anticipated to include performing geotechnical investigations, geologic hazard evaluations, pavement investigations, pavement condition surveys, pavement rehabilitation design; performing review of project plans and specifications; and providing construction inspection, materials testing, and laboratory testing services in conformance with the City's and/or Caltrans' Quality Assurance Program.

Geocon is capable of providing the full scope of services outlined within the 17 bullet points listed on pages 2 and 3 of the City's RFP, including providing geotechnical support during full-depth reclamation processes using the City's Block Cracking Mitigation Procedure outline which was appended to the RFP.

Geocon's first priority when presented with a scope of work for a project is to review the information provided as well as any background information available to gain a thorough understanding of the project elements, needs and potential challenges. Geocon will apply our project management style and approach that we have successfully developed for past and current on-call contracts with public agencies. Through the duration of the contraction, Ms. Adams will be the project manager and single-point of contact for the City of Garden Grove. Our approach to materials testing and inspection services is described in the following sections.

- 1. Develop Scope of Work** – Our first step will be to meet with the City's project manager(s) in order to get a complete understanding of the project and expected services. Ms. Adams and her staff will then prepare a detailed scope of services indicating the anticipated personnel-hours, laboratory testing, and reporting needs of the project based on the project objectives. We will submit our detailed scope of services to the City project manager(s) for their review and approval.
- 2. Project Staffing** – Upon receiving confirmation that our scope of work is approved, Ms. Adams will assign the appropriately certified personnel to the project based on the specific needs of the project. We will also review the contractor's schedule in order to plan accordingly and anticipate the future inspections and testing requests. In order to be as cost-effective as possible, it is our intent to provide simultaneous inspections and testing services for different disciplines (geotechnical/deputy/special inspections) with a single, highly-qualified inspector, eliminating the need for a second inspector whenever possible.
- 3. Sampling Protocol and Document Control** – We will establish the sampling protocols required for the project, based on the project specifications, the requirements of the Building Code, and other governing specifications. Our document control procedures provide unique identification of daily reports and laboratory conformance testing for each task order assignment.
- 4. Establish Communication Lines** – At the beginning of each project, we will establish the communication lines for the project, including the authorized City representative to whom we will be reporting. We will request that the City identify their significant project personnel, including Owner's Authorized Representative, Project Inspector (IOR), and Superintendent, and their respective roles on the project. We will ask that the City identify the approved personnel who can request and schedule our testing and inspection services during construction. We will request an approved distribution list for our inspection reports and laboratory test results. We will provide the City project manager(s) their designated significant personnel the direct office and cell phone numbers and email addresses of our key staff.

5. **Utilize Our Project Controls** – Geocon employs internal project control systems that includes budget, schedule, and document review and control. Ms. Adams will utilize our in-house systems to keep the City project manager(s) informed about the status of our services. We can provide budget progress reports on a weekly or monthly frequency, and can adapt to any requested interval. Our budget progress reports include a review of the amount billed to date as compared to the approved task order budget, and relates the budget to the overall project progress. Our document review protocols include review of our laboratory conformance test results by a California licensed engineer.
6. **Perform Field and Laboratory Testing** – When construction commences, we will provide the necessary personnel and equipment to perform the requisite observations, inspections, and testing in conformance with the project plans and specifications. Geocon will only acknowledge inspection requests from City project manager(s) or the designated personnel identified by the City. All project activities will be documented daily on field reports, indicating whether or not the construction work and materials testing was performed was in accordance with project requirements. Any problems will be reported immediately to the Construction Manager. Copies of material delivery tickets will also be collected and maintained. The daily field reports prepared by Geocon will be signed by the Construction Manager prior to Geocon leaving the jobsite. One copy of each field report will remain at the jobsite, and duplicate copies can be provided in electronic format at any time. All material samples will be properly labeled with the project name, date the sample was collected, and sampling location. Samples will either be temporarily stored on-site in an approved location or immediately be transported to our soils and materials testing laboratory for testing and analysis.
7. **Quality Control Review** – We understand the importance of reliability of our inspections and test results. Therefore, we have a Quality Control Plan in place that provides written procedures for our services. All of our laboratory conformance tests are reviewed by a California licensed engineer prior to submittal.
8. **Reports** – We will prepare and submit written reports based on the project's needs and the approved scope of work. Passing tests and inspections will be documented and reported in our project deliverables. Non-conforming reports will be documented in a project-specific log, including a description of the deficiency, the date and time the deficiency was observed, and who was notified of the deficiency. Once non-conforming results have been corrected, we will document the date of the re-inspection, a description of the corrective action taken, and acceptance in the non-conformance log for project close out purposes.
9. **Project Close Out** – The final step is the closing out of the project and providing the project documentation to the City project manager(s) as it relates to materials testing and inspection.

COMPANY OWNERSHIP DESCRIPTION

Geocon West, Inc. (Geocon) is a California corporation established in 1971 as a professional engineering and consulting firm providing comprehensive geotechnical, geologic, construction inspection, and environmental engineering and consulting services. In addition to these services we also provide environmental remediation contracting (cleanup) services and operate soils and materials testing laboratories.

Geocon West, Inc. and its sister companies have nine regional offices that are located throughout California so that Geocon is well-positioned geographically to promptly, efficiently, and cost effectively service its clients' needs. We employ a staff of over 260 technically strong, highly motivated engineers, geologists, environmental scientists, technicians, and special inspectors. Our managing principals are practicing professional geologists or engineers who actively manage projects and assign and mentor technical staff. Each office is supported by state-of-the-art inventories of field equipment and instrumentation, comprehensive technical libraries, and modern data-management systems. Laboratory testing services are performed in an in-house soils and materials testing **laboratory accredited by** the American Association of State Highway and Transportation Officials (AASHTO), **State of California Department of Transportation (Caltrans)**, Cement and Concrete Reference Laboratory (CCRL), Division of State Architect (DSA), and City of Los Angeles.

The average professional staff member has more than 10 years of experience at Geocon alone and has sufficient training and experience to respond to accelerated schedules without encountering procedural problems or sacrificing the quality of work products. Our friendly company culture promotes excellent working relationships with our clients, and many clients have said that we function much like their own employees: a direct extension of their team.

Geocon is fully-staffed and responsive in meeting the needs of individual clients. Our size is such that our trained professional, technical, and support staffs are able to respond quickly to varying task requirements and multiple concurrent projects. This is achievable through Geocon's unique organizational structure that permits efficient, competent, professional services for every project irrespective of the size or complexity of the task. Associate level project review and oversight are provided for all projects.

Firm Overview

ORGANIZATION

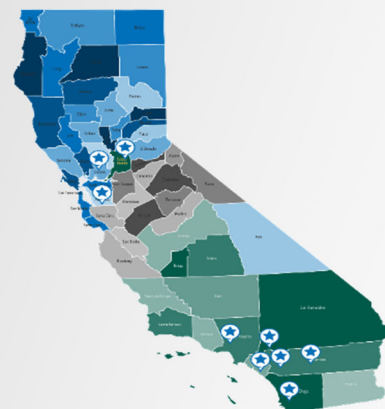
Corporation

TYPES OF SERVICES

Geotechnical Engineering
Engineering Geology
Construction Inspection
Soils and Materials Testing Laboratory
Environmental Services

LOCATIONS

San Diego (HQ) | San Diego County
Burbank | Los Angeles County
Irvine | Orange County
Redlands | San Bernardino County
Murrieta | Riverside County
La Quinta | Coachella Valley
Rancho Cordova | Sacramento County
Livermore | Alameda County
Fairfield | Solano County



<u>DIR NUMBER</u>	<u>YEAR FOUNDED</u>	<u>NUMBER OF EMPLOYEES</u>
1000001899	1971	267

LISTING OF SERVICES OFFERED, DESCRIPTIONS, METHODS, TECHNIQUES, AND EXCEPTIONS

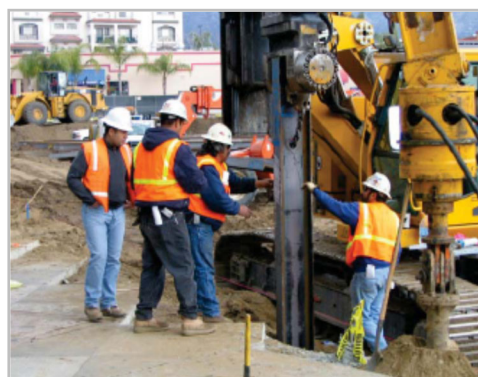
SERVICES OVERVIEW

A complete list of our capabilities and services, including service beyond those considered in the RFP are listed in the following pages which outlines our expertise. These services are all performed in-house. A list of our subconsultant's services can be found at the end of this section.

GEOTECHNICAL ENGINEERING

We provide geotechnical engineering services to a broad spectrum of clientele including public agencies, developers, design professionals, and the construction industry. We are a full-service geotechnical consulting firm capable of performing the field, laboratory and engineering analyses for a project with in-house staff and equipment. All projects are managed with the ultimate goal of producing technically sound and economically feasible solutions. This is achieved by considering construction costs and client needs in conjunction with site conditions and engineering requirements. Our innovative and practical solutions to complex geotechnical problems have resulted in a substantial percentage of repeat-client work. Based on individual professional staff and company experience, we offer expertise in the following areas:

- Geotechnical Investigations
- Due Diligence Geotechnical Evaluations
- Geotechnical Feasibility Studies
- Geophysical Studies
- In-Situ Testing
- Shallow & Deep Foundation Design
- Pavement Studies
- Liquefaction Analysis
- Seismic Hazard Assessments
- Seismic Retrofits
- Slope Stability Evaluations
- Landslide Evaluations
- Vibration Monitoring
- Settlement Monitoring
- Value Engineering / Peer Review
- Ground Improvement Evaluations
- Plan and Specification Review
- Construction Management Support



GEOTECHNICAL INSTRUMENTATION

Geocon is highly experienced performing a variety of geotechnical instrumentation services for a range of projects including water, transportation, utility infrastructure as well as building structures. Geotechnical instrumentation services have included the installation and monitoring of slope inclinometers, multi-point borehole extensometers, piezometers, utility monitoring points, strain gauges, crack gauges, and tiltmeters. Several of our team members have been certified by Geokon (a manufacturer of geotechnical instrumentation devices) as authorized instrument installers and we have provided client training on how to perform instrumentation installation and monitoring services.



ENGINEERING GEOLOGY

In conjunction with our geotechnical engineering services, Geocon provides engineering geology support for our public and private sector clients. Our in-house staff provides a full-range of engineering geology services from feasibility studies and geologic investigations to professional review of projects. Projects are managed by a Certified Engineering Geologist or Geotechnical Engineer with oversight by a principal of the company to produce technically sound, defensible, economically practical, and achievable solutions to complex geologic problems. We accomplish this by considering costs and client needs relative to the schedule, site conditions, and technical requirements of projects. Clients appreciate our innovative and practical solutions to complex geological problems and rely on us for advice and consultation. Geocon's experience and that of our individual staff members provides our clients with expertise in the service areas listed below.

- Geological Feasibility Studies
- Due Diligence Geological Evaluations
- Geologic Hazard Reconnaissance & Mapping
- Slope Stability Analysis
- Landslide Evaluations & Investigations
- Seismic Hazard Assessments
- Fault Studies
- Geophysical Studies
- Geological Explorations & Investigations
- Geologic Mapping
- Subsurface Mapping
- Geotechnical Instrumentation & Monitoring
- Naturally Occurring Asbestos Surveys
- Background Metals Studies
- Mineral Resource Evaluations
- Mine Reclamation Plans
- Abandoned Mine Hazard Assessments
- Hydrologic Investigations
- Groundwater Resource Evaluations
- Well Design / Wellsite Supervision
- Plan & Specification Review
- Construction Management Support
- Settlement Monitoring
- Forensic Studies
- Peer Review



ENVIRONMENTAL ENGINEERING

The environmental professionals at Geocon assist clients in complying with federal, state, and local laws and regulations. We provide multi-disciplinary environmental engineering services including environmental assessments, soil and groundwater investigations, remediation engineering, regulatory compliance, and risk-based corrective action studies. Our focus is providing quality and responsive services, having built a solid reputation with private and public sector clients, for efficiently solving complex environmental issues. Our California-licensed environmental contracting division provides a broad spectrum of services from rapid response site cleanup to remediation system constructability review, installation, and operation and maintenance. Our environmental services include:

- Brownfields Redevelopment Studies
- Phase I & II Environmental Site Assessments
- All Appropriate Inquiry (AAI) Studies
- Soil & Groundwater Investigations
- Risk Assessments & Feasibility Studies
- Groundwater Monitoring
- Asbestos & Lead-Based Paint Surveys
- Naturally Occurring Asbestos Evaluations
- Remediation Engineering Design
- Remediation System Construction
- Remediation System Operation & Maintenance
- Regulatory Compliance / Monitoring
- Air Monitoring
- Indoor Air Quality
- Soil Gas Survey
- Spill Prevention Control Plans
- Aerially Deposited Lead Surveys
- Landfill Assessments
- Litigation Support
- Mine Waste Evaluations
- Underground Storage Tank Removal
- Aboveground Storage Tank Removal / Closure
- Aboveground Storage Tank Installation
- Remedial Excavations
- Construction Management Support
- Asbestos Pipe Removal / Disposal
- Hazardous Waste Management

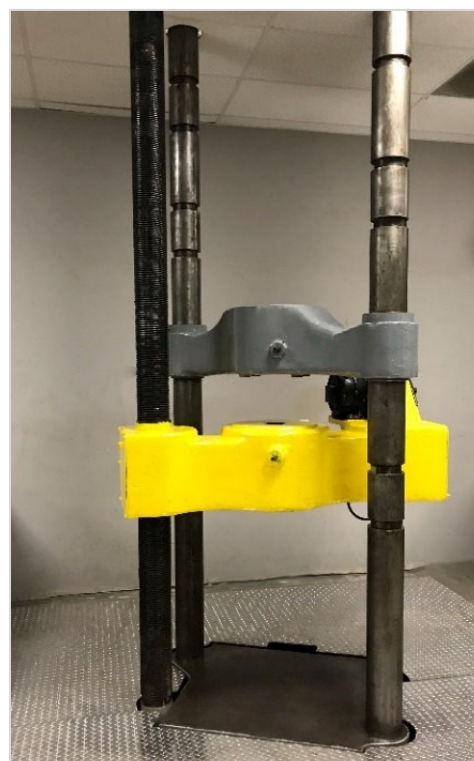


LABORATORY TESTING SERVICES

Our in-house soils and materials testing laboratories are certified by the American Association of State Highway and Transportation Officials (AASHTO), State of California Department of Transportation (Caltrans), Cement and Concrete Reference Laboratory (CCRL), Division of State Architect (DSA), and City of Los Angeles. Testing of soil, aggregate, asphalt concrete, and Portland cement concrete is performed in accordance with published test procedures such as American Standards for Testing Materials (ASTM), Caltrans, USACE, AASHTO, or the governing building code. In-house quality assurance programs are maintained to provide a professional level of accuracy and reproducibility acceptable to current industry standards. This is accomplished by internal staff training, calibration of appropriate testing apparatus by certified independent agencies, and periodic inspection by outside accredited testing and inspection agencies. Our 400,000 lb. Universal Testing Machine (UTM), manufactured by Southwark-Emery, is capable of testing up to a #18 Rebar, as well as high strength bolts and nuts.

Our testing laboratory provides soil and materials testing services and is extensively equipped and staffed with trained, qualified personnel and registered engineers who oversee laboratory testing. Laboratory reports will be distributed (pdf email) to project teams as testing is performed and failing tests will be reported immediately. **Our laboratory services are available 24 hours a day, 7 days a week.** Our general laboratory testing services are as follows:

- Soil Compaction Curves
- Soil Index Properties
- Soil Shear / Compressive Strength Properties
- Soil Consolidation / Expansion
- Soil Grain Size Analyses / Gradation
- Soil Pavement Stability
- Soil Corrosion
- Concrete / Asphalt
- Masonry / Grout / Mortar
- Rebar, Yield and Tensile Strength
- Bolt Assemblies



Universal Testing Machine

CONSTRUCTION INSPECTION

To confirm compliance with our engineering recommendations, we are commonly retained to provide quality assurance testing services during construction. We also provide a full-range of special inspection services. Our field technicians and inspectors maintain current certifications including International Code Council (ICC), National Institute for Certification in Engineering Technologies (NICET), American Concrete Institute (ACI), and State of California Department of Transportation (Caltrans), as well as required certifications from the cities and counties where work is performed. Our construction inspection services are as follows:

EARTHWORK AND FOUNDATIONS

- Site Grading Observation
- Sloping / Compound / Excavations / Shoring
- Underground Utility Installation
- Subgrade Preparation
- Chemical Treatment
- Geotextile / Rock Stabilization
- Base and Paving Placement
- Spread Footing / Grade Beam Construction
- Conventional / Post-Tensioned Mat Foundation Construction
- Drilled / Driven Pile & Pier Installation
- Micro-Pile Installation
- Tie-Back Anchor / Soil Nail Installation
- Stone Columns / Vibrocompaction / Deep Dynamic Compaction
- Compaction Grouting

DEPUTY / SPECIAL INSPECTIONS

- Reinforcing Steel / Shotcrete Placement
- Concrete Placement / Curing
- Pre-Stressed / Post-Tensioned Concrete
- Shotcrete
- High-Strength Bolting
- Drilled-In-Anchor Installation
- Structural Steel Welding / Welding Qualifications
- Structural Wood
- Steel & Welding Fabricator Shop Inspections
- Batch Plant Inspections
- Reinforced Masonry Construction



SCHEDULE OF SUB CONSULTANTS

Services requested in this RFP are all normal services Geocon provides with in-house capabilities. We do not anticipate utilizing sub-consultants to provide the requested services. In the event that services are required beyond the specialized services we provide *in-house*, we propose to utilize the following subcontractor:

LaBelle Marvin

Contact: Thomas Williams, Laboratory Manager

Address: 2700 South Grand Avenue, Santa Ana, CA 92705

PH| (714) 546-3468 FX| (714) 546-5841 E-mail| info@labellemarvin.com

Experience with Subcontractor: Geocon vendor since 2016 providing specialized **Wet-Track Abrasion Testing**

WORK PLAN FOR AS-NEEDED GEOTECHNICAL ENGINEERING, MATERIALS TESTING & INSPECTION SERVICES

GEOTECHNICAL & GEOLOGIC INVESTIGATIONS

Geocon will perform geotechnical and geologic investigations for the evaluation and assessment of geotechnical parameters required for the design of roadways, bridge foundations, retaining walls, levees, dams, tunnels, reservoirs, utility pipelines, various building structures, and other capital improvement projects. Evaluation of stormwater infiltration will also be included, as required. Investigations will include all necessary laboratory testing and geotechnical and geologic analyses and reports will include recommendations for mitigating adverse soil conditions and will address all constructability issues with respect to earthwork, paving and foundation design. Our scope of work for geotechnical and geologic investigations will typically include the following tasks:

Pre-Field Activities/Set-up

- Identify the proposed boring and test pit locations with stakes and white paint in the field.
- Coordinate proposed exploration locations with site facilities personnel as necessary.
- Contact Underground Services Alert (USA) three working days prior to performing the exploration.
- Obtain the required excavation, well, or encroachment permits, as necessary.
- Retain drilling/excavation equipment and personnel for the field exploration.

Field Activities/Exploration

Field activities and exploration services will include implementing the planned exploration and testing program which may include, but will not be limited to the following tasks:

- | | |
|--|---|
| • Geologic mapping | • In-situ testing |
| • Exploratory borings (hand auger, bucket auger, rotary wash, hollow-stem auger, etc.) | • Fault trenching |
| • Downhole logging of bucket auger borings | • Logging and material classification |
| • Exploratory test pits and/or trenches | • Collection of soil/rock samples (disturbed and undisturbed) |
| • Cone Penetration Testing | • Percolation testing |
| • Geophysical testing (seismic refraction/reflection, downhole geophysics, etc.) | • Backfilling excavations |

Laboratory Testing

The laboratory testing program for each geotechnical investigation is tailored specifically to the needs of each project and is contingent upon the types of earth materials encountered, the weight and nature of the proposed improvement, the depth of the proposed excavation, and the requirements of the building official.

Engineering and Geologic Analyses and Report Preparation

Upon completion of the field exploration and laboratory testing programs, engineering and geologic analyses will be performed to develop conclusions and determine the most cost-effective and constructible recommendations for the mitigation of geologic issues, slope instability, and/or design and construction of the proposed structures or improvements.

PEER REVIEW OF GEOTECHNICAL AND GEOLOGIC REPORTS

Geocon will perform peer reviews of geotechnical and geologic reports prepared by other consultants. Our California-licensed Geotechnical Engineers and Engineering Geologists will evaluate the interpretation of geologic conditions, completeness of the field investigation and laboratory testing programs, technical findings, and constructability of the proposed design recommendations. Geocon has a reputation for providing very cost-effective designs, and is frequently requested to perform peer reviews of geotechnical reports.

GEOTECHNICAL & MATERIALS TESTING & INSPECTION SERVICES

Geocon will provide the City with multi-disciplined certified inspectors, who have been registered for at least three years, who will perform the required as-needed soils/materials testing and inspection services. Our inspectors are seasoned, highly-qualified and maintain certifications including, but not limited to, County and City of Los Angeles, **Caltrans**, ICC, ACI, American Welding Society (AWS-CWI), DSA, Office of Statewide Health Planning and Development (OSHPD), and American Society for Nondestructive Testing (ASNT). Our inspection staff will be 100% available throughout the contract duration. Our standard testing and inspection procedures are as follows:

- When Geocon receives an inspection request from the City's Construction Manager (Project Manager, Superintendent, Owner's Authorized Representative, Project Inspector (IOR)), we will document the request in writing on an inspection request form, filling in the date and time of the inspection, type of inspection requested, person requesting the inspection, and the contact's phone number.
- We will verify that the person requesting the inspection is the City's Construction Manager or has been authorized by the Construction Manager to request the inspection. Once the information has been verified, our dispatcher will schedule the inspection with an appropriate inspector.
- On the day the inspection request was scheduled, Geocon's Inspector will meet the City's Construction Manager on-site to verify the type and location of inspection needed.
- Inspections will be performed in accordance with project specifications and City requirements.
- The inspector will provide daily written reports of inspection indicating compliance or non-compliance, which are to be signed by the City's Construction Manager before the inspector leaves the project site each day. The reports will include information about the inspector's arrival and departure time and very specific details about activities being performed each day.
- The inspector will obtain samples, as required, and transport them to our in-house laboratory for testing and analysis. Material strength verification reports will be presented to the Construction Manager via email the same day strength verification breaks are performed.

When called for inspection, Geocon inspectors will first check in with the Construction Manager upon arrival at the jobsite. All project activities will be documented daily on field reports indicating whether or not the construction work and materials testing was performed was in accordance with project requirements. Any problems will be reported immediately to the Construction Manager. Copies of material delivery tickets will also be collected and maintained. The daily field reports prepared by Geocon will be signed by the Construction Manager prior to Geocon leaving the jobsite. One copy of each field report will remain at the jobsite. All material samples will be properly labeled with the project name, date the sample was collected, and sampling location. Samples will either be temporarily stored on-site in an approved location or immediately be transported to our soils and materials testing laboratory for testing and analysis.

Inspection and testing services will be performed by soils technicians, deputy inspectors, and special inspectors as required. In order to be as cost-effective as possible, it is our intent to provide simultaneous inspections and testing services for different disciplines (geotechnical/deputy/special inspections) with a single, highly-qualified inspector, eliminating the need for a second inspector whenever possible. The selected inspector will be equipped with a vehicle and sufficient field testing equipment (including a nuclear density gauge) to collect samples and provide in-place density test results in the field. Field reports will be prepared and submitted on a daily basis and will be reviewed by Ms. Adams. Copies of all daily inspection reports and other required documents will be submitted with each invoice and copies of all documents will be maintained in electronic format (pdf) for emailing at any time. A copy of a standard Daily Field Report is provided below.

Deliverables

Geocon will prepare reports summarizing all observations, test results, analyses, and recommendations for services in a timely manner. Copies of the reports (inspection and laboratory testing) will be provided in electronic and/or hard copy format and can be emailed upon request at any time.

It is Geocon's standard practice to have daily inspection reports signed by the on-site client designated representative or IOR. Following field inspection services, Geocon's inspector will provide the completed field report for signature to the IOR/Construction Manager prior to departure. Geocon will submit copies of each certified written report of each inspection, test or similar service, to all parties as coordinated with the IOR/Construction Manager.

PROJECT MANAGEMENT OVERSIGHT

Geocon's project managers have extensive experience maintaining proper team coordination, schedule, and budget control while adhering to internal quality control procedures.

SCHEDULE

In order to maintain project schedules and minimize delays, Geocon maintains regular communication with clients throughout project durations. Our staff understands the importance of direct client communication concerning the scope of work, project milestones, and project deliverables. It is important that Geocon has a clear understanding of the project and client expectations before commencing work. Through advanced planning and establishment of project milestones, potential impacts on the critical path are flagged early to allow for contingency planning, which minimizes risks to the project including delays and budget overruns.

Geocon regularly completes projects on schedule and is conscious of the importance of timeliness during report preparation and when responding to questions from the project team throughout the project duration. Documents are provided to the project team in electronic (pdf) format to keep projects moving forward in an expeditious manner. Reports are typically sent electronically via email and by hard copy via overnight mail once completed. This allows the project team more time to complete their tasks while waiting for the final documents.

Our staff is accustomed to mobilizing on relatively short notices, provides deliverables in a timely manner, and has proven its ability to provide services for multiple, large-scale projects concurrently while adhering to project schedules.

BUDGET

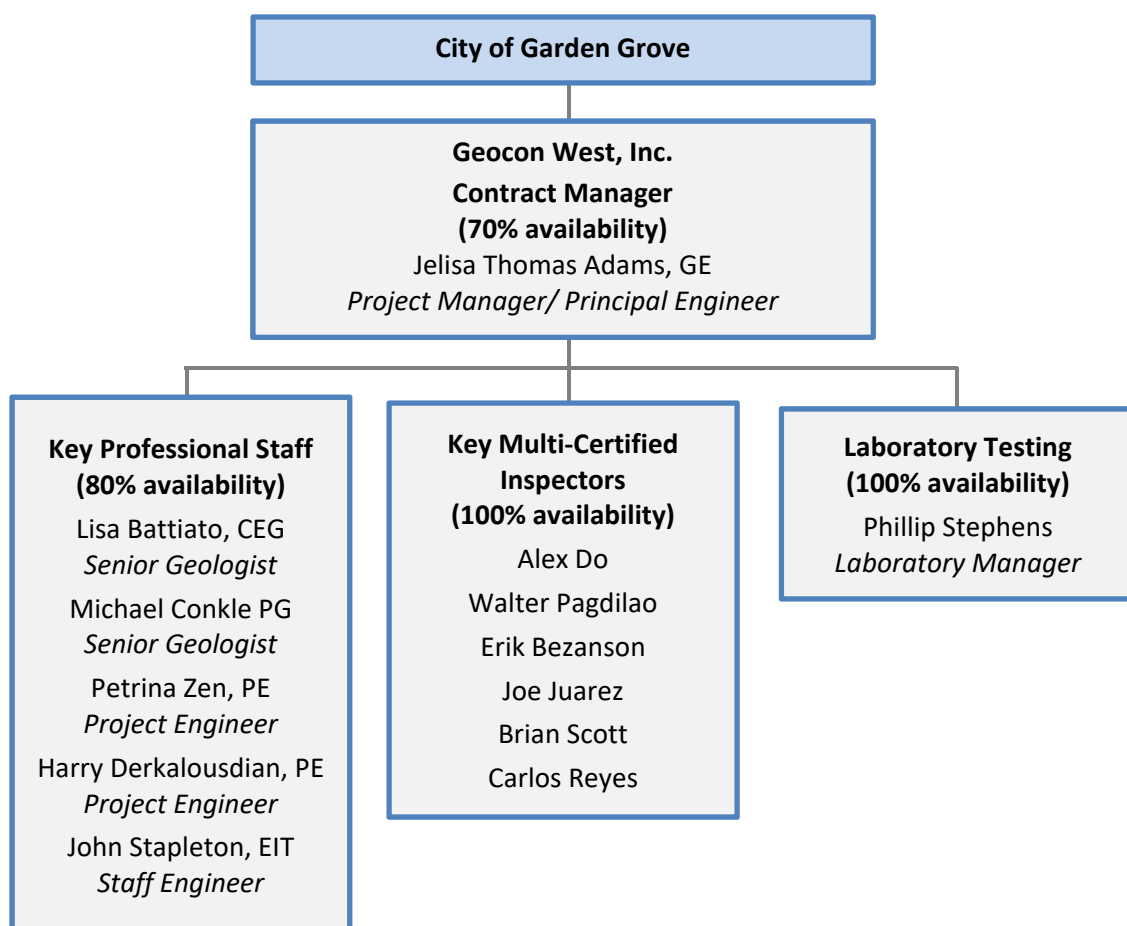
Our commitment to providing good customer service begins with each proposal; once a scope of work and price have been developed and agreed upon, we do not issue change orders, unless the scope of work or project schedule have been changed. As a project evolves, project costs are reviewed by the project manager on a weekly basis or as-needed throughout the project duration. If we see a change in the scope of work or that the project is going over budget, we will discuss the situation with the client immediately. Geocon will not bill a client additional charges unless the charges have been pre-approved by the client and we have written authorization to do so.

QUALITY CONTROL

Geocon's established quality control procedures have earned us an excellent reputation for delivering quality products on-time and within budget. Our in-house computerized cost control, project tracking, and project management system allows our project managers to monitor the quality of all aspects of a project as it evolves. All quality control begins with a team meeting after the contract has been awarded and prior to the start of work. The project manager reviews and formalizes the technical, budgetary, and schedule aspects of the project and discusses the information with the project team. Further technical checks are performed by the project manager at the completion of field and laboratory investigations to verify satisfactory project performance. In addition, Geocon's quality assurance program provides accuracy and reproducibility acceptable to industry standards. We accomplish this through the application of experienced staff, ongoing staff training, calibration of testing apparatus by certified independent agencies, and periodic review of Geocon's personnel and procedures by outside accredited testing and inspection agencies.

ORGANIZATIONAL CHART

An organizational chart is provided below to identify Geocon's proposed team, responsibilities of each team member, and team member availability for prospective City of Garden Grove projects.



RESUMES OF PROJECT TEAM MEMBERS

JELISA THOMAS ADAMS, GE

VICE PRESIDENT / CONTRACT MANAGER



Ms. Adams has more than 13 years of experience performing and managing geotechnical investigations throughout the Orange County, Los Angeles, San Diego, and San Bernardino areas. Her experience encompasses a wide range of projects including public infrastructure, city and state facilities, commercial and residential developments, educational institutions, multi-story structures with subterranean parking levels, seismic upgrades and retrofits, and the installation and monitoring of geotechnical instrumentation. As a senior engineer, Ms. Adams is responsible for the coordination and execution of field exploration programs, assignment of laboratory testing, review and interpretation of test results, engineering analysis, the evaluation of stormwater infiltration rates, and the preparation of technical reports and letters. Recent experience includes:

CITY OF NEWPORT BEACH DEPARTMENT OF PUBLIC WORKS, ON-CALL GEOTECHNICAL ENGINEERING, MATERIALS TESTING, & INSPECTION SERVICES CONTRACT

Ms. Adams manages Geocon's on-call geotechnical, materials, testing and inspection services contract with the City of Newport Beach. She provides quality control over all geotechnical reports, construction inspection services, and laboratory testing results. Geocon has completed investigations pavement restoration projects and miscellaneous public improvement repair, and has provided geotechnical and materials inspection and testing services for asphalt pavement and concrete placement.

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS, ON-CALL GEOTECHNICAL ENGINEERING, MATERIALS TESTING, & INSPECTION SERVICES CONTRACTS (PW13096, PW1345 & PW13554)

To date, Geocon has provided the County with over \$3.0 million in geotechnical engineering and materials testing services and has completed approximately 134 projects consisting of parks, medical facilities, libraries, fire stations, parking structures, animal shelters, and various other County structures. As a Senior Engineer, Ms. Adams is responsible for the development, coordination and execution of field exploration programs, assignment of laboratory testing, engineering analyses, preparation of technical reports and letters, and mentoring of staff-level professionals.

KETTLER EDUCATION EDUCATIONAL CENTER, HUNTINGTON BEACH, CALIFORNIA

Geocon was retained by the Huntington Beach City School District to perform a geotechnical investigation for the proposed district office renovation of the Kettler Educational Center including: on-grade parking pavement; ancillary structures; and associated improvements. The renovation of the existing building includes a major interior renovation with new classrooms, restrooms, offices, kitchen, and a library. Ms. Adams is responsible for the coordination and execution of field exploration programs, engineering analyses, preparation of technical reports and letters, and overseeing the geotechnical inspection and testing services during construction.

CATALA WATER TANK, SANTA CLARITA, CALIFORNIA

Geocon prepared a geotechnical investigation report for the construction of a new 3.75 million gallon water tank approximately 170 feet in diameter, situated north of the existing 1 million gallon water tank. Ms. Adams was the Project Engineer and was responsible for oversight of the field exploration and preparation of the geotechnical investigation report.

LOWER SANTA ANA RIVER CHANNEL, REACH 9, PHASE 3, ORANGE COUNTY, CALIFORNIA

Geocon performed geotechnical instrumentation services for the installation of slope inclinometers and borehole extensometers from Gypsum Canyon Road to Coal Canyon Road. As the project engineer, Ms. Adams oversaw the installation of inclinometers and borehole extensometers, performed the baseline readings, prepared a training document for the USACE, and performed training of the USACE personnel to perform the inclinometer monitor during construction.

EXPERIENCE

13 years

EDUCATION

- BS, Civil Engineering, University of California, San Diego

REGISTRATIONS

- CA: Geotechnical Engineer, No. 3092
- CA: Professional Engineer, Civil, No. 74946

CERTIFICATIONS

- Geokon Certified Instrument Installer
- Nuclear Density Gauge
- OSHA 40-Hour
- OSHA 8-Hour Refresher

ORGANIZATIONS

- ASCE
- ASFE

LISA BATTIATO, CEG, APM, LEED AP

RIVERSIDE COUNTY REGIONAL MANAGER/SENIOR GEOLOGIST



Ms. Lisa Battiato has more than 23 years of experience providing geologic consulting services throughout California. Her experience encompasses a wide range of projects including: transportation and water infrastructure; educational, medical, commercial, and industrial facilities; mixed-use and multi-family residential developments; and other large-scale land developments. Her technical expertise includes: seismic hazard analyses; subsurface fault, landslide, liquefaction, and geotechnical investigations and assessments; geologic mapping; pavement distress mitigation; geotechnical services during utility installation and roadway construction; geologic evaluations of levee stability; project management services for large, hillside grading projects; and supervision of materials testing services during construction. Ms. Battiato has been actively involved in determining methods and designs necessary for slope stabilization, seepage, mitigation of collapsible soils, induced soil settlement, expansive soils, subsurface dewatering, and drainage. Some of her relevant project experience includes:

SOBOBA ROAD AND LAKE PARK DRIVE WIDENING, GI & T&O, SAN JACINTO, CA

Geocon performed the pavement investigation and provided T&O during construction of Soboba Road and Lake Park Drive which were being improved to accommodate the additional traffic for the new Casino. The sequencing of coring for the pavement investigation was critical during the geotechnical investigation. The narrow roadways had to remain open so traffic to the existing casino was not impeded. Geocon performed the coring in the necessary location while keeping the roadways accessible to the casino patrons. During project design the roadway improvements changed several times. Geocon provided additional recommendations as needed throughout the process and the roadway was constructed to the project plans and specifications with the asphalt quality assurance testing provided by the City as required.

MADISON AVENUE IMPROVEMENTS, INDIO, CALIFORNIA

Geocon provided soils and materials testing & inspection during improvements along Madison Street between Avenues 50 and 52 in the cities of La Quinta and Indio, California. Improvements included utility relocations, construction of masonry retaining walls, roadway widening, and construction of stormwater structures. Geocon provided personnel on an on-call basis and performed as much testing in one visit as was possible with the construction progress saving the cities time and money throughout the construction process.

HIGHLAND SPRINGS AVENUE IMPROVEMENTS AND WIDENING, BANNING, CALIFORNIA

Geocon excavated five pavement cores to measure the existing pavement section and collect soil for laboratory testing to provide roadway construction recommendations for a new roadway, repaving of existing roadway, and tying into the Beaumont side of the roadway. Challenges included traffic control and working in a high traffic, narrow roadway area. Geocon quickly performed our work with minimal disruption to traffic. Our recommendations innovative solutions for repaving in areas where shallow utilities are present.

WILSON STREET WIDENING & IMPROVEMENTS, BANNING, CA,

Geocon collected information about existing pavement thicknesses within Wilson street when we performed a geotechnical investigation for sewer main upgrades in the area. We combined this new information with previous investigations to provide a comprehensive geotechnical report for the widening and repaving of Wilson Street from Highland Springs Avenue to Highland Home Road in Banning. By mining the information from other Geocon investigations in the area, we were able to provide an extremely cost-effective geotechnical investigation report for the Client.

HIGHLAND HOME ROAD, WIDENING & IMPROVEMENTS, BANNING, CALIFORNIA

Geocon performed coring of the existing Highland Home Roadway, north of Wilson Street. We combined the new boring data with the knowledge from our geotechnical investigation of the Atwell site to provide a comprehensive geotechnical investigation for the construction of more than one mile of new roadway which will complete Highland Home Road.

EXPERIENCE

23 years

EDUCATION

- BS, Geology, University of California, Riverside

REGISTRATIONS

- CA: Certified Engineering Geologist, No. 2316
- CA: Professional Geologist, No. 7512

CERTIFICATIONS

- Accredited Pavement Manager
- LEED Accredited Professional
- Envision Sustainability Credential
- Geothermal Professional
- OSHA 40-Hour

BEAR VALLEY ROAD BRIDGE, HESPERIA, CA

Geocon performed a geotechnical investigation for the widening of Bear Valley Bridge in Hesperia, California. Project challenges included drilling within an active stream bed with respect to fish and wildlife restrictions and timing with respect to dam outlets within the channel. Permitting had to be done through several agencies including the Town of Apple Valley, City of Hesperia, and San Bernardino Flood Control. Each agency had specific work hours we had to observe and our work within the was done under the supervision of an environmental monitor. Geocon accomplished the geotechnical work in compliance with all of the various agencies.

NORTH INDIO PAVEMENT GI & DRY WELL TESTING, INDIO, CA

Geocon performed a geotechnical in dry well infiltration study in North Indio, California. Our work included project team meeting attendance and strategizing in the field; geotechnical borings along very narrow dirt roadways; and dry well infiltration testing at various locations to support the storm water BMP design. Geocon performed our work without disrupting the existing residents.

MARGARITA ROAD T&O DURING REPAVING, TEMECULA, CA

Geocon provided observation and testing during construction of the Margarita Road rehabilitation project as an on-call consultant to the City of Temecula. Our services were provided responsively and effectively allowing the project to proceed on time and under budget. When a portion of the roadway was encountered that did not have the asphaltic concrete thickness as indicated by the investigating geotechnical consultant, Geocon mobilized our coring operations in less than 24 hours to investigate the area and provide the existing pavement section needed for the repaving operations.

I-15/LOS ALAMOS ROAD OVERCROSSING, MURRIETA, CALIFORNIA

The project included the widening of Los Alamos Bridge from two to four lanes, construction of retaining walls, embankment fill, subgrade, base, asphalt placement, flatwork, and minor utility relocations. Ms. Battiato authored the Source Inspection Quality Management Plan (SIQMP) for the project, which was approved by Caltrans, and provided project management oversight of construction inspection services.

MENIFEE ROAD, SIMPSON ROAD TO TRAILHEAD DRIVE, MENIFEE, CALIFORNIA

Ms. Battiato performed project management services for the geotechnical observation and testing of soils and inspection and testing of concrete. Project challenges included non-rippable rock, oversized rock placement, and construction within a previously graded site. All services were performed in accordance with RCFC & WCD, Riverside County Transportation Department, and EMWD requirements.

PAVEMENT MANAGEMENT PLAN, LA QUINTA, CALIFORNIA

Ms. Battiato was the senior geologist for a geotechnical investigation of existing roadway conditions within eight roadway segments within the City of La Quinta. As an Accredited Pavement Manager, Ms. Battiato authored the geotechnical report and provided the pavement recommendations for the project.

HIGHWAY 111 PHASE 3 IMPROVEMENTS, INDIAN WELLS, CALIFORNIA

Ms. Battiato provided project management oversight of geotechnical observation and testing of soils and inspection of asphalt pavement, asphalt overlay, thin asphalt overlay, asphalt rubber hot mix overlay, concrete, and masonry on Highway 111 from Hospitality Court to Province Way. She also authored the final report of observation and testing services.

JEFFERSON STREET AND VARNER ROAD IMPROVEMENTS, INDIO, CALIFORNIA

Ms. Battiato provided geotechnical services and project management services for the geotechnical investigation prepared for the widening and improvements on Jefferson Street and Varner Road. The proposed improvements included two dry wells along the west side of Jefferson and construction of a CMU wall along the west side of Jefferson north of Varner Road. Curb, gutter and sidewalks are planned along the widening on both sides of Jefferson and along the north side of Varner. Ms. Battiato oversaw the field exploration program and prepared the geotechnical report.

GUAVA STREET IMPROVEMENTS, MURRIETA, CALIFORNIA

Ms. Battiato performed project management services for geotechnical observation and testing services for improvements along Guava Avenue from east of Jefferson to Murrieta Creek and north along Adams Street. Project challenges included alluvial soils, high groundwater, and continuous stream flow. Geocon earned praise from the City Inspector and the Contractor regarding our responsiveness and ability to provide effective solutions.

DOWNTOWN INDIO COD OFFSITE IMPROVEMENTS, INDIO, CALIFORNIA

Ms. Battiato performed project management oversight of geotechnical observation and testing and inspection of concrete for the second phase of Downtown Indio revitalization and improvements along Towne Street, Bliss Avenue, Oasis Street, Requa Avenue, and a city parking lot.

CITY OF RIALTO STREET IMPROVEMENTS, RIALTO, CALIFORNIA

Geocon performed a geotechnical investigation for various street improvements throughout the City of Rialto along Alder Avenue, Linden Avenue, Valley Boulevard and Cactus Avenue, and Randall Avenue. The scope of the investigation included a site reconnaissance, pavement evaluation and inventory, encroachment permitting, field exploration, traffic control, laboratory testing, engineering analysis, and report preparation. As the Project Manager, Ms. Battiato was responsible for developing the scope of work of the field exploration and laboratory testing programs, performing the geologic studies to incorporate into the geotechnical report, and report preparation.

INDIAN CANYON DRIVE AT THE UPRR OVERCROSSING, PALM SPRINGS, CALIFORNIA

Ms. Battiato provided project management and coordination for geotechnical investigation and foundation reports for the proposed UPRR overpass along Indian Canyon Drive in the City of Palm Springs. She coordinated the geotechnical investigation which included obtaining Right of Entry permits within the UPRR right of way, coordinating with interstate utility agencies, and meeting Caltrans field and reporting requirements.

SOUTH PALM CANYON DRIVE, PALM SPRINGS, CALIFORNIA

Geocon performed a geotechnical investigation for the design and construction of a box culvert to replace the low water crossing along Palm Canyon Drive at its intersection with Bogart Trail. The major project components include replacing the existing low water crossing with a cast-in-place, reinforced concrete box culvert that will function as the new roadway surface. A combined Geotechnical Data Report, Foundation Report, and Materials Report was prepared in accordance with Caltrans guidelines. As the Senior Geologist, Ms. Battiato was responsible for geologic analysis and report preparation.

ROADWAY IMPROVEMENTS ON BOB HOPE DRIVE, RANCHO MIRAGE, CALIFORNIA

Ms. Battiato was the project manager for roadway improvements on Bob Hope Drive and Ramon Road. She provided geotechnical project management for soils and materials testing services during the repaving of the street, curbs, gutters, and sidewalks.

EAST PALM CANYON BRIDGE, CATHEDRAL CITY, CALIFORNIA

Ms. Battiato provided geotechnical and materials quality assurance project management during construction of the East Palm Canyon Bridge widening at West Cathedral Canyon Channel in Cathedral City, California. Geotechnical and materials testing services were performed in accordance with Caltrans and Riverside County Flood Control and Water Conservation District requirements. Ms. Battiato also provided geologic mapping during rock slope excavation.

EAST PALM CANYON BRIDGE WIDENING, CATHEDRAL CITY, CALIFORNIA

Ms. Battiato provided geotechnical and materials inspection project management through construction of the bridge widening, infrastructure improvements and slope grading. Ms. Battiato provided geologic mapping and slope stability recommendations for the rock cut slope excavated to facilitate roadway widening in the southwestern portion of the site. She provided the City project manager, Mr. Bill Bayne, with periodic progress and budget updates to keep them aware of any site issues and any out-of-scope work requested by the City inspector.

VARIOUS ROADWAY EVALUATIONS, SANTA ROSA COMMUNITY SERVICES DEPARTMENT, RIVERSIDE COUNTY, CALIFORNIA

Ms. Battiato planned and carried out several geotechnical investigations and provided geotechnical services during construction of several roadways within the De Luz area of southwestern Riverside County. Projects included drainage correction, pavement repair, and slope stabilization.

MICHAEL CONKLE, PG

SENIOR GEOLOGIST



Mr. Conkle has more than 20 years of experience managing and performing environmental investigation and remediation projects throughout the Western United States. He specializes in subsurface characterization, contaminant plume delineation, remediation system construction oversight, due diligence support, and brownfields redevelopment. In addition, he has experience with a wide variety of drilling techniques, geophysical logging tools, and other subsurface investigation technologies. He has managed a wide variety of projects for both public and private sector clients in the transportation, mining, and real estate industries. Recent experience includes:

CALTRANS ON-CALL EMERGENCY RESPONSE SERVICES, SOUTHERN & CENTRAL CALIFORNIA

Mr. Conkle was the main point of contact for on-call services in Southern California under a statewide emergency services contract with Caltrans. Services performed under this contract for Caltrans Districts 7, 8, 9, and 11 included: removal of USTs discovered during highway widening construction projects; segregation of asbestos-containing construction debris and air monitoring for asbestos during excavation activities; characterization and disposal of diesel impacted soil resulting from a release from a tractor trailer; evaluation and confirmation testing following abatement of ACM in a historic Caltrans office building; evaluation and disposal of unknown drums placed illegally on Caltrans right-of-way; collection and laboratory analysis of water samples to comply with NPDES permitting requirements during construction dewatering; packaging and disposal of asbestos cement pipe encountered during highway and interchange improvement projects; construction dewatering and disposal of groundwater accumulated within excavations prior to placement of concrete; evaluation of the extent of unknown pipelines uncovered during shoulder improvements and testing of adjacent soils for the potential presence of hazardous materials and petroleum products; and evaluation of the extent of soil contamination, oversight of remedial excavation, and oversight of disposal of soil impacted with petroleum hydrocarbons.

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS, AS-NEEDED GEOTECHNICAL ENGINEERING, MATERIALS TESTING, & INSPECTION SERVICES CONTRACTS (PW13096 & PW1345)

Geocon has provided as-needed geotechnical engineering, materials testing, and inspection services to the County of Los Angeles since 2007. To date, Geocon has provided \$2.5 million in geotechnical engineering and materials testing services on over 50 County projects consisting of parks, medical facilities, libraries, fire stations, parking structures, animal shelters, and various other County structures. Mr. Conkle is our Lead Environmental Geologist on County projects requiring hazardous materials assessment and remediation services. He has provided hazardous materials consulting services for the Court of Flags Auto Park No. 10 Repair, Agua Dulce Library, Fire Station No. 69, East Rancho Dominguez Library, Olive View Medical Center, Hubert Humphrey Urgent Care Expansion, and Cogen Landfill. His scope of work has included the coordination of environmental services, collection of soil samples for environmental testing, coordination of environmental laboratory testing and hazardous materials transportation, and preparation of technical reports and letters.

CITY OF LOS ANGELES, GEOTECHNICAL & ENVIRONMENTAL CONSULTANT LIST

Geocon has worked with the City of Los Angeles since 2012 providing on-call geotechnical and environmental consulting services. As the environmental services project manager, Mr. Conkle is responsible for scope of work development, subconsultant coordination, historical research, hazardous materials oversight, groundwater monitoring well services, and report preparation. Environmental projects completed so far have included a Phase I ESA and geophysical survey for the Howard Property Assessment, an asbestos and deteriorated lead-containing paint survey for the Wilmington Drum Barracks Demolition, and groundwater monitoring well abandonment for Albion Dairy Park.

EXPERIENCE

23 years

EDUCATION

- BS, Geology, California State University, Los Angeles

REGISTRATIONS

- CA: Professional Geologist, No. 7624

CERTIFICATIONS

- OSHA 40-Hour
- OSHA 8-Hour Refresher
- OSHA Supervisor Training
- Nuclear Density Gauge

PETRINA ZEN, PE

PROJECT ENGINEER



Ms. Zen was an engineering intern from California State Polytechnic University, Pomona, and was brought on board because of her understanding of geotechnical engineering practices and quick learning capabilities. She has been with Geocon for six years and is responsible for aspects of projects including coordination and execution of field explorations, assignment of laboratory testing, review and interpretation of laboratory testing results, engineering analysis, the evaluation of stormwater infiltration rates, and the preparation of technical reports and letters in Los Angeles and Orange

County. Her experience includes city and state facilities, commercial and residential developments, educational institutions, and multi-story structures with subterranean parking levels. If needed, Ms. Zen also performs geotechnical inspection and testing services during construction. Her recent experience includes:

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS, ON-CALL GEOTECHNICAL ENGINEERING, MATERIALS TESTING, & INSPECTION SERVICES CONTRACT (PW13554)

Ms. Zen has provided geotechnical engineering services on Geocon's most recent as-needed contract for geotechnical engineering, materials testing, and inspection services. As a Staff Engineer, Ms. Zen is responsible for the coordination and execution of field exploration programs, laboratory testing, assistance in preparing geotechnical reports, and geotechnical observation and testing services during construction. Ms. Zen has provided services for the Olive View Medical Center, Lennox Library, LA River North Valleyhart Project, and the Camp Glen Rocky Modular Unit.

LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS, CAMP GLENN ROCKY MODULAR UNIT, SAN DIMAS, CALIFORNIA

Geocon performed testing and observation services during placement of the pavement section. Ms. Zen wrote the final compaction report for the project which included drafting figures and preparation of the tables summarizing test results.

COAST COMMUNITY COLLEGE AQUATIC CENTER, COSTA MESA, CALIFORNIA

Geocon performed an updated geotechnical investigation for the proposed Aquatic Center at Orange Coast College in the City of Costa Mesa, California. The proposed development will consist of a new Aquatic Center comprised of three one- to three-story structures, two pools, a deck canopy, ancillary structures, and miscellaneous improvements and hardscape. As the Project Engineer, Ms. Zen is responsible for scope of work development, oversight of field exploration and laboratory testing programs, engineering analyses, plan review, and preparation of technical reports and letters. Ms. Zen will also provide as-needed consultation services when the project goes into construction.

GOLDEN WEST COMMUNITY COLLEGE SOFTBALL FIELD, HUNTINGTON BEACH, CALIFORNIA

Geocon performed a geotechnical investigation for the proposed softball field on the Golden West College campus located at 15744 Goldenwest Street in the City of Huntington Beach, California. The design-build project consists of a new NCAA regulation softball facility. Ms. Zen is responsible for the coordination and execution of the field exploration programs and percolation testing. Geocon is also providing as-needed geotechnical inspection and testing services during grading and construction of the subject development.

LOS ANGELES UNIFIED SCHOOL DISTRICT, ON-CALL GEOTECHNICAL DESIGN, INSPECTION & TESTING SERVICES

Geocon has provided on-call geotechnical engineering and geotechnical inspection services for the District since 2005. To date, Geocon has provided over \$5 million in geotechnical engineering design and geotechnical inspection and testing services on more than 40 campuses. As a staff engineer, Ms. Zen is responsible for the coordination and execution of field exploration programs, assignment and performance of laboratory testing, and assistance with preparing geotechnical reports. She recently provided geotechnical engineering services for the design of Huntington Park High School. Ms. Zen was responsible for the coordination and execution of the field exploration programs, assignment of laboratory testing, engineering analyses, and preparation of technical reports and letters.

EXPERIENCE

6 years

EDUCATION

- BS, Civil Engineering, California State Polytechnic University, Pomona

REGISTRATIONS

- CA: Professional Engineer, Civil, No. 87489

CERTIFICATIONS

- Nuclear Density Gauge

ORGANIZATIONS

- American Society of Civil Engineers
- Cal Geo

HARRY DERKALOUSDIAN, PE

PROJECT ENGINEER



Mr. Derkalousdian has 12 years of experience as an engineer in Southern California and has extensive experience working in Los Angeles, Ventura, and Orange counties. Mr. Derkalousdian leads a team of engineers and has natural leadership abilities. He is responsible for the direction of his engineering team, project management, coordination and execution of field exploration programs, assignment of laboratory testing, review and interpretation of laboratory testing results, engineering analysis, the preparation of technical reports and letters, and providing geotechnical recommendations during construction. His experience includes

municipal infrastructure, city and state facilities, commercial and residential developments, educational institutions, multi-story structures with subterranean parking levels, and forensic studies. In addition, he has experience in multiple software applications including Computer Aided Drafting, spreadsheet design, word processing, and more. His relevant project experience includes:

EXPERIENCE

12 years

EDUCATION

- BS, Civil Engineering, California State University, Northridge

REGISTRATIONS

- CA: Professional Engineer, Civil, No. 79694

CERTIFICATIONS

- Nuclear Density Gauge

ORGANIZATIONS

- CalGeo

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS, ON-CALL GEOTECHNICAL ENGINEERING, MATERIALS TESTING, & INSPECTION SERVICES CONTRACTS (PW13096, PW1345 & PW13554)

Mr. Derkalousdian has provided geotechnical engineering services on three as-needed contracts for geotechnical engineering, materials testing, and inspection services. To date, Geocon has provided \$2.5 million in geotechnical engineering and materials testing services on over 50 County projects consisting of parks, medical facilities, libraries, fire stations, parking structures, animal shelters, and various other County structures. As a Project Engineer, Mr. Derkalousdian is responsible for the coordination and execution of field exploration programs, assignment of laboratory testing, engineering analyses, preparation of technical reports and letters, and mentoring of staff-level professionals.

CITY OF LOS ANGELES BUREAU OF ENGINEERING, ON-CALL GEOTECHNICAL & ENVIRONMENTAL CONSULTANT LIST

Geocon was selected by the City of Los Angeles Bureau of Engineering to provide geotechnical and environmental services for various public works projects. Mr. Derkalousdian is a Project Manager and is responsible for communicating with the Geotechnical Engineering Group, delegating responsibilities to junior staff, executing field exploration programs, assigning laboratory testing, performing engineering analysis, and preparing technical reports and letters. Mr. Derkalousdian provided project management services for 1st and Broadway Civic Center Park, Channel 35 Television Studio and Office Relocation, Venice Beach/Rose Avenue Restroom Replacement, and the Whitsett Park Soccer Fields project.

DGS REAL ESTATE SERVICES DIVISION, SOILS & GEOTECHNICAL ENGINEERING SERVICES CONTRACT, SOUTHERN CALIFORNIA

Geocon has provided on-call geotechnical engineering and soils testing services to the DGS since 2005. As a Project Engineer, Mr. Derkalousdian is responsible for scope of work development, oversight of field exploration and laboratory testing programs, engineering analyses, and preparation of technical reports and letters. Mr. Derkalousdian has provided geotechnical design services for several Department of Motor Vehicle sites and a new sports complex and kitchen addition at California School for the Deaf.

UCLA, ON-CALL SOILS ENGINEERING SERVICES & GEOTECHNICAL TESTING CONSULTING SERVICES, WESTWOOD, CALIFORNIA

Geocon is currently performing geotechnical engineering and geotechnical inspection and testing services to UCLA on an on-call basis. As a Project Manager, Mr. Derkalousdian is responsible for client communication, scope of work development, coordination of field exploration programs, assignment and interpretation of laboratory testing, engineering analyses, and the preparation of technical reports and letters. Mr. Derkalousdian has provided geotechnical engineering design services for the Basketball Practice Facility, Lab School Improvements, La Kretz Garden Pavilion and the Margan Apartments. In addition, he also performed geotechnical inspection and testing services for the Northwest Student Housing Infill Project for several years.

JOHN STAPLETON, EIT

STAFF ENGINEER

Mr. Stapleton has 3 years of experience as a staff engineer and engineering intern in Orange County. His experience includes geotechnical investigations and geotechnical inspection and testing services for various public works projects, educational institutions, residential and mixed-use developments, and public infrastructure projects. Mr. Stapleton is responsible for the execution of field exploration programs, laboratory testing, assistance in preparing geotechnical reports, and geotechnical observation and testing services during construction. He also has experience in multiple software applications including DesignCAD, spreadsheet design, and word processing. His recent experience includes:

CITY OF NEWPORT BEACH DEPARTMENT OF PUBLIC WORKS, ON-CALL GEOTECHNICAL ENGINEERING, MATERIALS TESTING, & INSPECTION SERVICES CONTRACT

Geocon is currently contracted with the City of Newport Beach to perform on-call geotechnical testing and materials services. As a staff engineer, Mr. Stapleton performed geotechnical inspection and testing services during the placement of base and asphalt concrete for street improvements for the Arterial Highway Repair Program and Balboa Island Coping Repair.

Mr. Stapleton also led the field exploration and authored the geotechnical report for the Fire Station.

ELEMENTS RESIDENTIAL DEVELOPMENT, IRVINE, CALIFORNIA

Geocon performed a geotechnical investigation and testing and inspection services during construction of multiple six-story residential structures and two six-story parking structures. Mr. Stapleton performed geotechnical inspection and testing services during utility trench backfill, preparation of pavement subgrade soils, and placement of base and asphalt concrete for street improvements.

TRILOGY, IRVINE, CALIFORNIA

Geocon prepared Mr. Stapleton provided as-needed geotechnical inspection and testing services during the pavement repair at the pre-construction utility potholes for the subject project. Mr. Stapleton performed in-place density tests on the base and asphalt materials placed and compacted. He also authored the final report of observation and testing services.

PORTOLA CENTER NORTHWEST, LAKE FOREST, CALIFORNIA

Geocon performed a geotechnical investigation and is currently performing geotechnical inspection and testing services during construction of a 200-acre property that is being developed into 700 single-family homes, a mixed-use commercial/residential area, multi-family housing, and public and private parks with associated infrastructure improvements. Mr. Stapleton performed geotechnical inspection and testing services during site grading, utility trench backfill, and pavement subgrade preparation.

GREEN STREET RETAIL CENTER, MISSION VIEJO, CALIFORNIA

Geocon prepared an updated geotechnical report for the Green Street Retail Center which included the construction of a two- to three-story, 16,000-square-foot retail building and a single-story parking deck elevated above an on-grade carwash facility. Mr. Stapleton performed laboratory testing during preparation of the geotechnical investigation report, and performed geotechnical inspection and testing services during site grading, shoring installation, tieback installation, foundation construction, utility trench backfill, and pavement subgrade preparation.

BAKER STREET MULTI-FAMILY RESIDENTIAL DEVELOPMENT, COSTA MESA, CALIFORNIA

Geocon performed a geotechnical investigation and inspection and testing services for the design and construction of a multi-family residential structure wrapped around a central parking structure. Mr. Stapleton performed laboratory testing during preparation of the geotechnical investigation report, and performed geotechnical inspection and testing services during site grading, utility trench backfill, and pavement subgrade preparation.

EXPERIENCE

3 years

EDUCATION

- BS, Civil Engineering, California State University, Fullerton

REGISTRATIONS

- CA: Professional Engineer-In-Training, Civil

CERTIFICATIONS

- Nuclear Density Gauge
- City of Irvine Asphalt

ERIK BEZANSON

SPECIAL INSPECTOR

Mr. Bezanson has 13 years of experience with laboratory and field inspection and testing of soils and construction materials. His experience includes observations and testing of building pads, roads, commercial buildings, public works and utility trenches, and concrete batch plant inspection. Mr. Bezanson is trained in performance of Quality Control in a Construction Material Testing Laboratory; including performing and supervising performance in sieve analysis, proctors, soil ring density and moisture content, sand equivalent, soil shear testing and specific gravity of aggregates. Laboratory testing abilities also include compressive strength testing of concrete, mortar, grout, shotcrete, and masonry pavers. He is experienced with in-place density testing of soil utilizing sand cone and nuclear gauge test methods, performing field-testing of concrete placement, including slump, temperature, air-content and molding compressive strength specimens. His recent experience includes:

CITY OF HESPERIA, CDBG STREET REHABILITATION - FY 2016/2017, HESPERIA, CALIFORNIA

Geocon was selected to provide on-call materials testing and inspections services for this major city streets improvement project. Mr. Bezanson served as the lead inspector for this project. His responsibilities included: geotechnical observation and testing on a full-time basis during pavement rehabilitation of city streets, which also included Full Depth Reclamation (FDR) process and paving of the new asphalt concrete surface. The project involved approximately 43,500 square yards of FDR and 8,570 tons of asphalt concrete. Observed and tested the concrete treatment of 7,200 feet of Santa Fe Avenue to mitigate yielding subgrade.

CITY OF HESPERIA, FY 2017-18 CDBG STREET IMPROVEMENTS: 8TH, 9TH, AND 10TH AVENUES, HESPERIA, CALIFORNIA

Geocon was selected to provide on-call materials testing and inspections services for this major city streets improvement project. Mr. Bezanson observed and tested the Cement Treated Soils (CTS) of the street subgrade. He also observed and tested the asphalt placement and densities throughout the duration of the project.

CITY OF HESPERIA, RECYCLED WATER SYSTEM – PHASE 1A PROJECT, HESPERIA, CALIFORNIA

Geocon was selected to provide on-call materials testing and inspections services for this major city recycled water system project. Mr. Bezanson observed and tested the backfill and soil compaction for 60,000 LFT of recycled waterline. Mr. Bezanson also observed and tested the street subgrade and base compaction along with providing observation for the placement and compaction of asphaltic concrete (AC) during street reconstruction.

CITY OF HESPERIA, RECYCLED WATER TANK AND PUMP HOUSE, HESPERIA, CALIFORNIA

Geocon was selected to provide materials testing and inspections services for this major water capital improvement project. This new Recycled Water Tank includes a concrete foundation with Steel reinforcement. The new Pump House structure on-site consisted of masonry construction and included a concrete foundation with Steel reinforcement. Mr. Bezanson is currently providing observation, testing and sampling of concrete, masonry, grout placement, and inspected and sampled all steel reinforcement.

FEDEx GROUND AUTOMATED BUILT-TO-SUIT STATION, ARCADIA, CALIFORNIA

Geocon was selected to provide materials testing and inspections for this new FedEx distribution center. The project consisted of constructing the Main Building, Out Buildings and Gard Station. Mr. Bezanson provided rebar inspection for concrete tilt up panels. He also observed, tested, and sampled concrete placement for slab on grade and paving of the dock apron and various flat-work within the campus.

EXPERIENCE

13 Years

EDUCATION

California State University,
Fullerton, Geology
Mt. San Antonio Community
College

CERTIFICATIONS

- ICC California Commercial Building Inspector
- ICC Masonry
- ICC Soils Special Inspector
- ICC Reinforced Concrete
- ICC Fireproofing
- L.A. County Concrete Special Inspector
- ACI Field Technician – Grade I
- Nuclear Density Gauge
- CA Office of Emergency Services S.A.P. Evaluator

ALEX DO

SPECIAL INSPECTOR



Mr. Do is a primary inspector with eight years of experience performing materials testing services on a variety of public and private sector projects. He is experienced performing geotechnical and materials testing and inspection services for reinforced and post-tensioned concrete, wood and masonry construction, spray-applied fireproofing, structural steel and bolting, epoxy anchors, and rebar. Mr. Do is proactive communicating with project teams and maintains regular interaction with team members regarding conformance to standards, plans, project specifications, and codes. His experience includes:

CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA, COLLINS COLLEGE EXPANSION

Geocon performed a geotechnical investigation and soils and materials testing services during construction of two buildings comprising 15,000 square feet. The first building will accommodate administrative and faculty offices, a conference room, two graduate student classrooms, and three lecture rooms. The second building will comprise two group study rooms, a student recreation area, graduate student social space, and dining area. As the lead inspector, Mr. Do performed geotechnical inspection and testing services during site grading, utility trench backfill, and excavation of the building pad. Materials testing and inspection services were performed for masonry construction, epoxy anchors, and rebar placement. He also observed the concrete grout pour and created concrete cylinders for laboratory testing purposes.

CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA, STUDENT RECREATION CENTER

Geocon performed a geotechnical and fault investigation for the design of the Student Recreation Center and provided geotechnical and materials testing and inspection services during construction. The project consisted of the construction of a three-story recreation center supported on a deep foundation consisting of 24-inch-diameter drilled piers with slab-on-grade flooring, concrete flatwork, a new swimming pool, pool buildings, and utility lines. Mr. Do performed materials testing services during construction.

ORANGE COAST COMMUNITY COLLEGE STUDENT UNION BUILDING, COSTA MESA, CALIFORNIA

Geocon is currently providing testing and observation services during the grading of College Center building pad and the Student Life building pad on the subject property. The proposed development will consist of a two-story building with an approximate area of 28,100 square feet, and a two- to three-story building with an approximate area of 48,900 square feet. As the primary inspector on the project, Mr. Do was responsible for: observing the grading operation, including the removal of existing fill and surficial native soils, performing inspection and approval of all excavation bottoms prior to placing fill, and performing in-place density tests on the earth materials placed and compacted.

CSUDH, AS-NEEDED GEOTECHNICAL INSPECTION AND TESTING SERVICES, CARSON, CALIFORNIA

Under our Task Order Service Agreement, Geocon has provided as-needed geotechnical engineering and geotechnical inspection and testing services for various projects including new construction and renovations consisting of new classroom buildings, student housing developments, seismic retrofitting, and parking lot expansions. Mr. Do provided as-needed foundation observation, drilled pier observation, and testing and observation during grading and dry utility installation for the proposed New Science and Innovation Center. He also performed testing and observation during the dry utility installation for the proposed Student Housing Expansion.

EXPERIENCE

8 years

EDUCATION

American River College,
Supplemental Courses, Ultrasonic
Testing Level I & Welding
Inspection

Consumnes River College,
Supplemental Classes,
Mechanical I, Electrical I & II, Fire
& Life Safety, Construction
Estimation

CERTIFICATIONS

- City of Irvine Special Inspector
- ICC Structural Masonry
- ICC Structural Steel & Bolting
- ICC Structural Welding
- ICC Reinforced Concrete
- ICC Pre-stressed Concrete
- ICC Spray-Applied Fireproofing
- ACI Grade I Concrete Testing Field Technician
- Nuclear Density Gauge

WALTER PAGDILAO

SENIOR SPECIAL INSPECTOR



Mr. Pagdilao is a primary inspector with over 25 years of experience performing testing and inspection services. He is capable of providing complete and comprehensive testing services for entire projects and provides oversight to ensure that projects are built in compliance with the plans and specifications of the County of Los Angeles, City of Los Angeles, Caltrans, Los Angeles County Metropolitan Transportation Authority, and various other public works agencies. His experience encompasses a wide variety of services including inspection and testing, investigation of subsurface soil and geologic conditions, observation of rough and fine grading, and supervision of roadway and underground utilities construction. He has provided inspection and testing services for caissons and drilled/driven pile installation, shoring system installation, sheet piles, bridge foundations, spread foundations, reinforced concrete, masonry, structural steel, and welding. Some of his relevant project experience includes:

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS (LACDPW), BOB HOPE PATRIOTIC HALL, LOS ANGELES, CALIFORNIA

Mr. Pagdilao provided multi-tasked and continuous inspection services for the County of Los Angeles during construction of the rehabilitation of the 10-story historical structure. His responsibilities included geotechnical inspection and testing during grading operations and materials testing of the foundation, concrete, shotcrete, bolting, welding, fiberwrapping, fireproofing, drilled-in-anchors, torque testing, and asphalt concrete paving.

LACDPW, ACTON/AGUA DULCE LIBRARY, ACTON, CALIFORNIA

Mr. Pagdilao provided multi-tasked and continuous inspection services during construction of the new library. His responsibilities included: geotechnical inspection and testing during grading operations, wall backfill, trench backfill, building pad subgrade, and base placement; concrete batch plant inspections; epoxy-rebar installation; steel erection including placement of non-shrink grout; bolting and welding; and installation of a vapor barrier.

LACDPW, COURT OF FLAGS AUTO PARK NO. 10 REPAIR, LOS ANGELES, CALIFORNIA

Mr. Pagdilao provided multi-tasked continuous inspection services during repair of the four-level subterranean parking structure of the Los Angeles Hall of Records. His responsibilities included: observation of epoxy injections in the cracks on beams on top and under the post-tensioned elevated slab; anchor bolt installation by epoxy chemical adhesive and self-undercutting anchors; application and installation of fiberwrapping; inspection of concrete placement and reinforcement; dowel installation; geotechnical inspection and testing of trench backfill; and welding inspections.

LACDPW, LANCASTER ANIMAL SHELTER SPAY NEUTER CLINIC, LANCASTER, CALIFORNIA

Mr. Pagdilao provided multi-tasked continuous inspections to ensure that construction was completed in accordance with the contract documents. Responsibilities included: clearing and grubbing operations for proper removal of all unsuitable materials within the limit of the proposed building pads; evaluation of exposed excavation bottoms prior to initial fill; fill and backfill for uniformity during placement; compaction and testing of subgrades; inspection of foundation soils; reinforcement and concrete placement; inspection and testing including concrete batch plant inspections; inspection of drilled-in anchors; inspection of steel construction including placement of non-shrink grout; bolting and welding inspections; observation and testing of trench backfill; and compaction testing for base placement and paving.

EXPERIENCE

27 years

CERTIFICATIONS

- LA County Reinforced Concrete
- LA County Structural Masonry
- LA County Welding
- LA City Concrete Construction
- LA City Drilled-In-Anchors
- LA City Grading
- LA City Gunite/Shotcrete
- LA City Masonry Construction
- ICC Special Soils
- ICC Reinforced Concrete
- ICC Structural Masonry
- ICC Structural Steel & Bolting
- ICC Structural Welding
- ACI Grade I Concrete Testing Field Technician
- Nuclear Density Gauge
- Radiation Safety Officer

JOE JUAREZ

SPECIAL INSPECTOR



Mr. Juarez has more than 15 years of experience as an inspector and has been with Geocon his entire career. He provides highly effective services as efficiently as possible and communicates effectively with key personnel on the jobsite. He takes pride in his work ethic and works well with clients and contractors by providing projects with the geotechnical and materials oversight necessary to ensure they are being constructed in accordance with project plans and specifications while providing proactive and responsive geotechnical input to help projects stay on schedule. His experience includes:

EXPERIENCE

15 years

CERTIFICATIONS

- ACI Grade I Concrete Testing Field Technician
- Nuclear Density Gauge
- OSHA 10-Hour Safety Training
- CT 504, 518, 539, 540, 543, 556, 557

ORGANIZATIONS

- Operating Engineers Union

RORIPAUGH RANCH IMPROVEMENTS PHASE I, TEMECULA, CALIFORNIA

Mr. Juarez performed soils testing and concrete inspection and testing during construction of Phase I of Roripaugh Ranch Improvements for the City of Temecula. The project entailed wet utility construction, storm drain improvements, remedial grading, roadway grading and construction, and reconstruction of flatwork, medians, and curbs & gutters along Butterfield Stage Road and Murrieta Hot Springs Road. Mr. Juarez worked as an extension of the City of Temecula's inspection staff performing testing and inspections not only for the City but also for the Rancho California Water District, Eastern Municipal Water District, and Riverside County Flood Control facilities. Geotechnical challenges included existing slope instability, saturated subgrade within a deep pipe zone, remedial earthwork to repair settlement of previously constructed flatwork, and earthwork and construction during the rainy season. Mr. Juarez provided his services in a timely and responsive manner. He was so effective that even though the project schedule was extended, the geotechnical budget came in well below that estimated by the City.

GUAVA STREET IMPROVEMENTS, MURRIETA, CALIFORNIA

Mr. Juarez provided testing and inspection services during construction of Guava Street and Adams Street for the City of Murrieta. Project construction included remedial grading and fill placement, utility relocation, construction of a cast-in-place concrete triple box culvert which diverts overland creek flow under the roadway to Murrieta Creek. Geotechnical challenges included high groundwater and intermittent surface water flow across the project within the active stream channel, coordination of utility relocation during remedial grading and fill placement, and concrete sampling and testing timing so work was able to proceed as planned.

HIGHWAY 111 PHASE 3 IMPROVEMENTS, INDIAN WELLS, CALIFORNIA

Mr. Juarez provided testing and inspection services for improvements to Highway 111. Services included: observation and testing of removal excavations and fill placement; observation and testing of utility trench backfill; observation and testing of subgrade, compaction, base compaction, and asphalt placement; and testing, inspection, and sampling of concrete.

EVMWD, WATER MAIN REPLACEMENT PROJECT (CIP No. 75755), LAKE ELSINORE, CALIFORNIA

Mr. Juarez performed testing and inspection services for subgrade, base, and water main backfill during construction of approximately 15,600 feet of replacement and new water lines at 25 locations within District boundaries.

BRIAN SCOTT

INSPECTOR

Mr. Scott has over 17 years of experience working as a field technician. Mr. Scott is Caltrans certified to conduct soils and aggregates field testing and is also ACI Certified Field Technician. Mr. Scott has extensive experience providing observation of earthwork activities and conducting in- place density testing for various projects, including wastewater treatment plants, pipelines, public buildings, schools, residential, and commercial development. He can read grading plans and interpret earthwork recommendations from geotechnical investigation reports. He also has extensive experience dealing with unsuitable soils removal, construction of keyways and cut-and-fill slope. He works very closely with the contractors to ensure that earthwork specifications are implemented. His experience includes:

EXPERIENCE

17 years

CERTIFICATIONS

- Nuclear Density Gauge
- ACI Grade I Concrete Testing Field Technician
- CT: 125, 216, 231, 375, 504, 518, 533, 539, 540, 556, 557

GREENSPOT STREET BRIDGE, HIGHLAND, CALIFORNIA

Field Technician- Provided as-needed compaction testing and inspection and services. The project consists of replacing the Greenspot Street Bridge over the Santa Ana River. This includes re-profiling of the roadway, rehabilitation of the existing bridge, and other miscellaneous site improvements.

NORTH VINEYARD AVENUE GRADE SEPARATION, ONTARIO, CALIFORNIA

Field Technician- Provided as-needed compaction testing and inspection and services. The project includes a highway grade separation underpass under the existing Union Pacific Railroad Alhambra Subdivision Line elevating the railroad approximately 4 feet and depressing Vineyard Avenue under the bridge.

MILLIKEN AVENUE GRADE SEPARATION, ONTARIO, CALIFORNIA

Field Technician- Provided as-needed compaction testing and inspection and services. The project includes a highway grade separation overpass over the existing Union Pacific Railroad Los Angeles Subdivision Line erecting a bridge for the Milliken Avenue over the railroad lines.

EASTERN MUNICIPAL WATER DISTRICT, CARMEL ROAD WATER PIPELINE, SUN CITY, CALIFORNIA

The project consisted of installation of approximately 10,000 linear feet of 12" and 8" waterline as replacement on the existing waterline. Conducted full time observation on the trench backfill operation for the last 6000' pipeline installed. Performed density testing to ensure compliance with project specifications. Included roadway rehabilitation and subgrade, base and asphalt compaction testing.

MONSTER ENERGY DISTRIBUTION CENTER, RIALTO, CA

Mr. Scott performed testing and observation services for mass grading of this 1 million square foot building that will act as one of the company's central hubs in the area. Mr. Scott also remained onsite to provide foundation observations and testing services for backfill of water main, sewer main, storm drain, dry utilities and roadways. Project challenges included dealing with oversize rock and seepage pits that required additional removals.

CARLOS REYES

INSPECTOR



Mr. Reyes has 12 years of experience as an inspector and has been with Geocon his entire career. Mr. Reyes is responsive and provides effective testing and inspection services by working with our clients to make sure the required inspection and testing services are performed as efficiently as possible. Mr. Reyes prides himself on his strong work ethic and his ability to work as an extension of our client's staff. Every client he works with greatly appreciates his diligence and professionalism and gives him excellent reviews. His experience includes:

EXPERIENCE

12 years

CERTIFICATIONS

- ACI Concrete Testing Field Technician, Grade I
- Nuclear Density Gauge
- Caltrans: 125, 216, 231, 539, 540, 556, 557

ON-CALL MATERIALS TESTING SERVICES, CITY OF INDIO, CALIFORNIA

Geocon is currently performing on-call materials testing services for the City of Indio. Mr. Reyes performed observation and testing of soils, concrete inspection and testing, and asphalt paving inspections for the Avenue 43 Dog Park and Burr Park.

RCFC & WCD, ARROYO DEL TORO CHANNEL, STAGE 1, LAKE ELSINORE, CALIFORNIA

Mr. Reyes provided geotechnical inspection and testing services during construction of approximately 3,500 lineal feet of storm drain improvements along the west side of Interstate 15. Improvements included an earthen channel northeast of Highway 74, a box culvert beneath Highway 74, a reinforced box concrete structure, and a concrete lined channel. All construction within Caltrans right-of-way was subject to Caltrans testing standards.

RCFC & WCD, ROMOLAND MDP LINE A, STAGE 3, ROMOLAND/RIVERSIDE COUNTY, CALIFORNIA

Mr. Reyes provided inspection and testing services during construction of an interim earthen channel approximately 38 to 80 feet wide with side walls and base-paved access roads. His responsibilities included geotechnical and materials inspection and testing services during the grading operation and placement of concrete.

EVMWD, WATER MAIN REPLACEMENT PROJECT (CIP NO. 75755), LAKE ELSINORE, CALIFORNIA

Mr. Reyes provided testing and inspection services for subgrade, base, and water main backfill during construction of approximately 15,600 feet of replacement and new water lines at 25 locations within District boundaries.

SUNLINE TRANSIT ADMINISTRATION BUILDING & TRANSIT HUB, THOUSAND PALMS CALIFORNIA

Mr. Reyes performed soils and concrete testing services during construction of a new 42,000 square-foot, two-story masonry building, a transit hub which includes parking lots and bus stop shelters, underground utilities, flatwork, drainage structures, and paving.

PHILLIP STEPHENS

LABORATORY MANAGER

Mr. Phillip Stephens has seven years of experience performing quality assurance testing in the lab and in the field. He is experienced calibrating lab and field equipment, overseeing training and evaluating the performance of technicians, and maintaining laboratory accreditations from AASHTO, AMRL, CCRL, Caltrans, DSA, and OSHPD. Other laboratory experience includes testing of structural steel, tensile and proof load testing, tensile and bend testing of rebar, strain/tensile testing of uncoated seven-wire for pre-stressed concrete, compression testing of masonry and masonry prisms, and testing of masonry block absorption and linear shrinkage. In addition, Mr. Stephens is experienced performing field testing of concrete, locating rebar, pull testing epoxy installed rebar/all thread, determining the moisture vapor emission rate of concrete and the rebound number of hardened concrete, and testing of spray-applied fireproofing materials. Project experience involving laboratory testing and laboratory supervision is listed below:

EXPERIENCE

7 years

CERTIFICATIONS

- ACI Strength Testing of Concrete
- ACI Field Testing of Concrete
- ACI Base Testing
- ACI Aggregates 1 & 2
- ACI Laboratory 1 & 2
- CT: 106, 125, 504, 518, 521, 523, 533, 539, 540, 556, 557

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS, AS-NEEDED GEOTECHNICAL ENGINEERING, MATERIALS TESTING, & INSPECTION SERVICES CONTRACTS (PW13096, PW1345 & PW13554)

Mr. Stephens supervises laboratory personnel and performs many of the specialized tests that are needed in the geotechnical reports Geocon provides to the county. To date, Geocon has performed \$3 million in geotechnical engineering and materials testing services on over 75 County projects consisting of parks, medical facilities, libraries, fire stations, parking structures, animal shelters, and various other County structures.

STATE OF CALIFORNIA DEPARTMENT OF GENERAL SERVICES (DGS) REAL ESTATE SERVICES DIVISION, SOILS & GEOTECHNICAL ENGINEERING SERVICES CONTRACT, SOUTHERN CALIFORNIA

Mr. Stephens supervises laboratory personnel and performs many of the specialized tests for Geocon's On-Call Geotechnical Services contract with the DGS. Projects completed under this contract include multiple California Highway Patrol substations, Department of Motor Vehicle locations, Economic Development Departments, CalFire, various projects for the California School for the Deaf, and others.

CITY OF LOS ANGELES, BUREAU OF ENGINEERING, ON-CALL GEOTECHNICAL & ENVIRONMENTAL CONSULTANT LIST, LOS ANGELES, CALIFORNIA

Mr. Stephens supervises laboratory personnel and performs many of the specialized tests for Geocon's on-call geotechnical and environmental services contract with the City of Los Angeles. He provides quality control over all laboratory testing services, and laboratory testing results. Projects under this contract include 1st and Broadway Civic Center Park, Channel 35 Television Studio and Office Relocation, Venice Beach/Rose Avenue Restroom Replacement, Whitsett Park Soccer Fields Complex, and North Outfall Sewer Rehabilitation Unit No. 18.

CITY OF PASADENA DEPARTMENT OF PUBLIC WORKS, ON-CALL SOILS & MATERIALS TESTING SERVICES CONTRACT, PASADENA, CALIFORNIA

Geocon is currently performing on-call geotechnical engineering and materials testing services for the design and construction of various roadways and other Public Works projects. As Laboratory Manager, Mr. Stephens supervises laboratory personnel and performs many of the specialized tests for all the samples collected from projects under this contract. Geocon recently performed a field exploration and materials testing for the Preventative Maintenance of Streets Asphalt-Concrete Study.

AMCAL FLORENCE LIBRARY AND APARTMENTS, LOS ANGELES, CALIFORNIA

Geocon is performing a geotechnical investigation for two sites; the first development is located at 1600-1616 East Florence Avenue, that consists of four-story wood framed apartments over one level of podium-style (library) and one level of subterranean parking level. The second development at 7321 South Miramonte Boulevard consists of four-story wood framed apartments over one level of podium-style parking to be constructed on-grade. Mr. Stephens is performing inspection and testing services during the geotechnical investigation of the mixed-use development.

RELATED EXPERIENCE

CITY OF NEWPORT BEACH

ON-CALL GEOTECHNICAL & MATERIAL TESTING SERVICES

Reference: Andy Tran, 100 Civic Center Drive, Newport Beach, CA 92660, 949-644-3315

Key Personnel: Jelisa Thomas Adams, GE, Petrina Zen, PE, John Stapleton, EIT

Contract Amount: \$120,000

Beginning and End Dates: 2016-Present

Contract Overview: Geocon is currently contracted with the City of Newport Beach to perform on-call geotechnical testing and materials services. Over the course of this contract, Geocon has provided nearly \$98 thousand in geotechnical and materials testing services over the course of 9 projects authorized in the last year. Our services include geotechnical observation and field testing, compaction testing, and geotechnical investigations and studies. Some of the projects we've worked on are summarized as follows:

- **Annual Concrete Replacement Program**
- **Marguerite & Hospital Pavement Study**
- Arterial Highway Pavement Repair
- Balboa Island Coping
- Storm Drain Repair/Rehabilitation
- Jamboree Rd. Slough Wall
- Newport Elementary Playfield
- Newport Centre Fire Station
- **Annual Slurry Seal Repair Program**

ANNUAL SLURRY SEAL PROGRAM 2018 & 2019, NEWPORT BEACH, CALIFORNIA. Through our on-call contract, Geocon provided materials testing and inspection services for the Annual Slurry Seal Program in 2018 and 2019 for the City of Newport Beach. The project consisted of edge grinding, crack sealing, slurry sealing, and seal coating of existing roadways. Geocon's role on the project was to provide materials testing and inspection services for the slurry seal for compliance with the Greenbook Specifications. We collected wet-track abrasion and bulk asphalt samples for laboratory testing. The wet-track abrasion tests were completed within 2 days of sample collections and reported on the same day that testing was completed.

MARGUERITE AVENUE & HOSPITAL ROAD PAVEMENT EVALUATION, NEWPORT BEACH, CALIFORNIA. Through our on-call contract, Geocon provided a geotechnical pavement evaluation of the existing roadway section along portions of Marguerite Avenue and Hospital Road in the City of Newport Beach. The project scope consisted of collecting nine pavement cores to examine and measure the existing asphalt and base thicknesses. The observed pavement dimensions were presented in a report.

ANNUAL CONCRETE REPLACEMENT PROGRAM, NEWPORT BEACH, CALIFORNIA. Through our on-call contract, Geocon provided testing and inspection services for the Annual Concrete Replacement Program for the City of Newport Beach. The project consisted of the removal and replacement of sidewalk, curb and gutter, and driveway entries at various locations. The project predominantly consisted of unreinforced concrete; however, select areas required reinforcing, which Geocon also provided inspection. Our services to included collection of concrete samples, observation of rebar placement, and compressive strength laboratory testing.



CITY OF HESPERIA

ON-CALL SERVICES AGREEMENT - STREET REHABILITATION

Reference: City of Hesperia, David Burkett, 760.947.1202, dburkett@cityofhesperia.us

Key Personnel: Lisa Battiato, Neal Berliner, Erik Bezanson, Carlos Reyes, Kai Parker

Contract Amount: \$463,948

Beginning and End Dates: 2016-Present

Contract Overview:

FY 2016-17 CDBG PAVEMENT EVALUATION. Geocon was contracted with David Evans & Associates and the City of Hesperia to perform geotechnical pavement evaluation for the FY 16/17 Community Development Block Grant (CDBG) Street Rehabilitation project. The scope of work included obtaining a permit with the City Hesperia, performing a site reconnaissance to mark out the proposed core locations and observe the current pavement conditions, coring of the asphalt concrete to determine existing pavement structural sections, laboratory testing, and providing a letter report summarizing the existing pavement sections and providing recommendations for rehabilitation of the roadways. The following Roadways were included in the geotechnical pavement evaluation for the street rehabilitation program: Santa Fe Avenue

West, Donert Street, Trinity Drive, Manzanita Street, Sycamore Street, Birch Street, Catalpa Street, Deodar Street, Eucalyptus Street, 'A' Avenue

CDBG STREET REHABILITATION- SANTA FE AVENUE - FY 2016/2017. Following the design phase performed with David Evans & Associates and the City of Hesperia, Geocon was contracted directly with the City of Hesperia as part of an On-Call agreement with the City to perform geotechnical observation and testing during construction of the FY 16/17 Community Development Block Grant (CDBG) Street Rehabilitation project. The scope of work included performing geotechnical observation and testing during full depth reclamation (FDR) of the existing roadways, cement treatment of portions of the roadways, and paving of the cap layer of asphalt concrete. Laboratory testing was performed including maximum dry density of the FDR material, maximum wet density of the cement treated material, and asphalt concrete conformance testing. The project involved approximately 43,500 square yards of FDR and 8,570 tons of asphalt concrete. Geocon's inspectors observed and tested the concrete treatment of 7,200 feet of Santa Fe Avenue to mitigate yielding subgrade.

FY 2016-17 CDBG STREET IMPROVEMENTS RANCHERO ROAD REHABILITATION. Geocon was selected to provide geotechnical observation and testing services for the street improvements on Rancho Road from the intersections of Topaz Avenue to Kern Avenue. Our scope of services involved performing in-place density tests on the soil subgrade, base material, and asphalt concrete, placed and compacted; performing laboratory tests to aid in evaluating the compaction characteristics of earth and base materials utilized; providing the City with a report detailing our observations and testing services.

CDBG STREET IMPROVEMENTS: 8TH, 9TH, AND 10TH AVENUES - FY 2017-18. Geocon was selected to provide on-call materials testing and inspections services for this major city streets improvement project. Geocon's inspectors observed and tested the Cement Treated Soils (CTS) of the street subgrade. We also observed and tested the asphalt placement and densities throughout the duration of the project.

RECYCLED WATER SYSTEM INSTALLATION – PHASE 1A. Geocon was selected to provide on-call materials testing and inspections services for this major city recycled water system project. Geocon's inspectors observed and tested the backfill and soil compaction for 60,000 LFT of recycled waterline installed under existing roadway. Geocon's inspectors also observed and tested the street subgrade and base compaction along with providing observation for the placement and compaction of asphaltic concrete (AC) during street reconstruction.



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CITY OF PASADENA DEPARTMENT OF PUBLIC WORKS ON-CALL SOILS & MATERIALS TESTING SERVICES CONTRACT

Reference: Sean Singletary, 100 N. Garfield Avenue, Room N306, Pasadena, CA 91101, 626.744.4273

Key Personnel: Neal Berliner, GE, Harry Derkalousdian, PE, Rex Panoy, EIT, Thai La, EIT

Contract Amount: \$45,000

Beginning and End Dates: 2013 - Present

Contract Overview: Geocon provides soils and materials testing services on both an individual test basis and on a project assignment basis. Over the life of this contract, Geocon has provided nearly \$35 thousand of soils and materials testing services for street improvement projects. Geocon performs in-house laboratory testing during construction as well as supplemental testing and coring of finished streets and paving sections with additional laboratory testing, post construction, for verification with conformance of project specifications. The projects Geocon has worked on under our recent contract with the City of Pasadena include:

- **Preventative Maintenance of Streets**
 - Alpine Street
 - Annandale Canyon Open Space Trail Access Improvement
 - Colorado & Harkness Concrete
 - **East Side Storm Drain from Belvedere to Mountain**
 - Eaton Blanche Restroom
 - **Holly Street Improvements (Arroyo & Linda Vista)**
- Eaton Wash Park
- El Molino s/o Colorado Blvd.
- **Road Work-Walnut Street (Between Daisy & Sunnyslope)**
- La Pintoresca Library
- Linda Vista & La Loma Testing
- Meneely Alley
- Orange Grove Boulevard-Pavement Cores
- Pasadena Ave Soundwall

PREVENTATIVE MAINTENANCE OF STREETS. Geocon performed batch plant inspection services for asphalt-concrete which included inspecting the batching process and obtaining samples of the asphalt rubber hot mix (ARHM) being used for the project. Samples from the batch plant inspection were tested for aggregate gradation, asphalt binder, and Hveem density. Following testing, the measured aggregate gradations and asphalt binder contents were compared to the operating range in the mix design by Vulcan Materials and Table 203-11.3 in the Greenbook. Some of the sieve passing percentage test results were outside of the operating range. It was recommended that the condition of the pavements be assessed near the end of the normal contractor warranty period, and corrections be made to areas showing bleeding, rutting, shoving, or other distress caused by material deficiencies.

HOLLY STREET IMPROVEMENTS (ARROYO & LINDA VISTA). Geocon performed testing and observation services during the backfill of retaining walls and grading of subgrade on south bound Holly Street. Our scope of services included: observation of the grading operation, including the excavation of existing fill and surficial native soils; inspection and approval of excavation bottoms prior to placement and compaction of engineered fill material; in-place density testing on earth materials placed and compacted; laboratory testing to aid in evaluating the compaction characteristics of soil types used for fill; and preparation of a site plan and final compaction report.

ROAD WORK-WALNUT STREET BETWEEN DAISY AND SUNNYSLOPE. Geocon performed geotechnical and materials testing and inspection for the complete reconstruction of the roadway; construction of concrete curbs and gutters, sidewalks, driveways, local depressions, cross gutters and wheelchair ramps; tree stump removal, planting of new trees; adjustment/reconstruction of utility manholes; installation of new street lighting; and installation of traffic striping.

EAST SIDE STORM DRAIN-BELVIDERE TO MOUNTAIN STREET. The East Side Storm Drain is a 10- to 11-foot-wide concrete open channel approximately 925 feet in length, with in a 25-foot-wide City drainage easement. The project is located on the east side of the City of Pasadena.



construction of a reinforced concrete deck over an existing concrete open channel, reconstruction of deteriorated channel wall sections, repair of the channel invert, and construction of a 25-foot-wide public alley. The project also included site grading and the construction of catch basins, connector pipes, manholes, concrete and AC pavement, and the installation of fencing and walls.

COUNTY OF SAN BERNARDINO DEPARTMENT OF PUBLIC WORKS

ON-CALL MATERIALS TESTING, GEOTECHNICAL & GEOLOGICAL SERVICES | PWG115-LANDD-1510

Reference: JD Gayman, 825 East Third Street, San Bernardino CA 92415, 909-387-7924

Key Personnel: Lisa Battiatto, CEG, AMP, LEED AP, James Christopher Vaughn, Phillip Stephens

Contract Amount: \$113,000

Beginning and End Dates: 2015-Present

Contract Overview: Geocon was selected by the County of San Bernardino Department of Public Works to perform on-call Materials Testing, Geotechnical and Geological Services from 2015 – 2018. We provide our services on a project assignment basis at the request of County project managers. Geocon is available to the County at a moment's notice to address any of their project concerns. Geocon performs our services with our full-time staff and in-house laboratory. To date, the following projects have been completed: 29th Street Basin Levee - Testing & Observation – Grading, Cactus Basin - Testing & Observation – Grading; Ludlow Quarry - Env. Phase 1 ESA.

PARKING LOT PAVEMENT REHABILITATION, SAN BERNARDINO, CALIFORNIA. Geocon provided a geotechnical pavement evaluation and materials inspection and testing services for a parking lot pavement rehabilitation at a County facility in the City of San Bernardino. The geotechnical pavement evaluation consisted of conducting 10 pavement cores at locations throughout the parking lot. The purpose of the pavement cores was to confirm the existing asphalt and pavement thicknesses for verification of the anticipated export during construction. The cores were measured and photographed and documented in a report. Subsequently, full-depth removal of the existing pavement section was performed and a new pavement section constructed. Laboratory testing was performed during construction to provide quality control and quality assurance of the materials being placed and compacted.

CACTUS BASIN - SAN BERNARDINO COUNTY FLOOD CONTROL. Geocon provided materials testing and observation during construction of Stage 1 of Cactus Basin for San Bernardino Flood Control. Testing included grainsize analyses, density testing using Sand Cone method, ACI Batch Plant inspection, and concrete testing and inspection in accordance with Department of Dam Safety (DSOD) requirements. Geocon initially provided our services directly to the County. Once the on-call allotment was reached we became a subcontractor to AMEC at the County's request. This DSOD regulated project was recently given project of the year award from American Public Works Association Inland Empire Chapter (APWA-IE) in 2017.



CITY OF TEMECULA

PECHANGA PARKWAY PHASE II & III IMPROVEMENTS

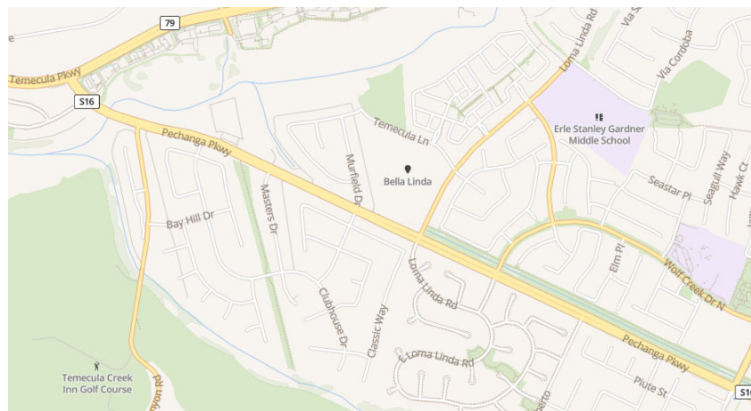
Reference: City of Temecula, Matthew Beile, City Inspector, 951.694.6444, Matthew.beile@cityoftemecula.org

Key Personnel: Lisa Battiato, Kai Parker, Jose Juarez

Contract Amount: \$200,000

Beginning and End Dates: 2008-2009 & 2016-2017

Geocon performed geotechnical observation and testing services during construction of Pechanga Parkway Phase II Improvements for the City of Temecula. The project entailed the construction of full-width street improvements from south of Pechanga Parkway Bridge to Via Eduardo. Geocon observed the placement of Geo Grid for subgrade stabilization and performed testing of subgrade, base, asphalt, and construction of curbs and gutters. Geotechnical observation and testing was also performed during trench backfill and placement of footings. Geocon also provided the geotechnical design for the for Phase III of the Pechanga Parkway Improvements. The improvements extended to the southeast portion of Pechanga Parkway. Geocon was retained by the City to also perform the Testing and Inspection during construction.



CITY OF LOS ANGELES BUREAU OF ENGINEERING

ON-CALL GEOTECHNICAL & ENVIRONMENTAL CONSULTANTS LIST

Reference: City of Los Angeles Bureau of Engineering, Easton Forcier, Project Manager, 213.847.0476, Easton.forcier@lacity.org

Key Personnel: Neal Berliner, Harry Derkalousdian, Jelisa Thomas Adams, Michael Conkle, Petrina Zen, Gerald Kasman, Michael Conkle, Barney Tury, Phillip Stephens

Contract Amount: \$1,174,000 to date

Beginning and End Dates: 2012 – Present

Contract Overview: Geocon is currently contracted with the City of Los Angeles Bureau of Engineering to perform on-call geotechnical engineering and environmental consulting services. The geotechnical scope of work for this contract includes performing: geotechnical investigations including the downhole geologic logging of exploratory borings; Standard Penetration Testing; Cone Penetrometer Testing; geophysical surveys; geotechnical laboratory testing; geotechnical analysis; field permeability and infiltration testing; seismic ground motion studies, geotechnical and geological report preparation, construction technical specifications and review; constructability reviews of plans and specifications; construction dewatering analysis; soil and groundwater corrosion studies; geologic field mapping of slopes and landslides as well as preparation of GIS-based geologic maps; detailed geologic mapping of exploratory fault trenches; and geotechnical and geological support in response to emergencies. Some of the projects we've worked on are summarized as follows:



- 1st and Broadway-Civic Center Park
- Alameda Street Widening
- Albion Dairy Park Well Abandonment
- Algin Sutton Pool GDR
- Channel 35 TV Studio Relocation
- Engine Company 23 Arts Center
- Granada Hills Pool GDR
- Howard Property Assessment
- NOS Rehab Unit 18
- Venice Beach/Rose Ave Restroom Replacement
- West Wilshire Park Improvements
- Whitsett Soccer Fields Park
- Wilmington Drum Barracks Demolition

CITY OF SIMI VALLEY & VENTURA COUNTY WATERWORKS DISTRICT NO. 8**ANNUAL PROFESSIONAL PAVEMENT ENGINEERING, MATERIALS TESTING & INSPECTION SERVICES CONTRACT****Reference:** Sarah Sheshebor, 805.583.6792, sshesheb@simivalley.org**Key Personnel:** Neal Berliner, Harry Derkalousdian, Jelisa Thomas Adams, Barney Tury, Gerald Kasman, Phillip Stephens**Contract Amount:** \$186,399**Beginning and End Dates:** 2013 – Present

Contract Overview: Geocon is currently providing on-call pavement engineering, materials testing, and inspection services in connection with the design and construction of Public Works projects under a two-year on-call agreement with the City of Simi Valley and Ventura County Waterworks District No. 8. Geocon's scope of work includes: performance of surface and subsurface soils investigations, testing (relative compaction, R-Value, sieve analysis, direct shear, etc.), evaluation, and geotechnical inspection; materials testing and inspection of conventional and rubberized asphalt concrete pavement both at the asphalt plant and at the jobsite, aggregate stock pile at the source, rock and sand base, paving asphalt, liquid asphalt, emulsion, and subgrade testing; street structural evaluations including pavement deflection testing, analysis, and recommendations; laboratory testing services; and preparation of technical reports and letters. Some of the projects Geocon has worked on include:

QUALITY ASSURANCE PROGRAM. Geocon rewrote the City of Simi Valley's Quality Assurance Program (QAP) Manual for submittal to Caltrans for inclusion with their project specifications for road improvement projects. Geocon reviewed the City's previous QAP Manual, reviewed current Caltrans requirements, and rewrote the manual to meet current standards. The manual was unique in that the City wanted to separate testing and inspection requirements for projects that are on the National Highway System/State Highway System, projects that are off the National/State systems but federally funded, and projects that are off the National/State systems and locally funded. The amount of testing and inspection was tailored to each project so that the same QAP could be used on all City projects. Mr. Robinson helped the City respond to Caltrans comments through the approval process.

ADDITIONAL PROJECTS INCLUDE:

- Madera Road Improvements
- 1st St. b/t E. Los Angeles Ave & Cochran
- Alamo Street Widening
- Cochran Street Bridge Widening
- Los Angeles Avenue Widening

COUNTY OF LOS ANGELES - DEPARTMENT OF PUBLIC WORKS
AS-NEEDED GEOTECHNICAL ENGINEERING, MATERIALS TESTING & INSPECTION SERVICES
CONTRACTS NO. PW13096, PW1345 & PW13554

Reference: Dennis Simonian, 900 South Fremont Avenue, Alhambra, CA 91803, 626.300.3267

Key Personnel: Neal Berliner, GE, Jelisa Thomas Adams, GE, Gerald Kasman, CEG, Harry Derkalousdian, PE, Thai La, EIT, Alex Do, Matthew Lewin, Romulo Escano, Walter Pagdilao, Phillip Stephens

Contract Amount: \$2.5M

Beginning and End Dates: 2007-Present

Contract Overview: Geocon has provided as-needed geotechnical engineering, materials testing, and inspection services to the County of Los Angeles Department of Public Works since 2007. Over the past 12 years, Geocon has worked on over 50 different projects and has provided over \$2.5 million in geotechnical services to the County. Geocon has provided geotechnical services for the design and construction of libraries, community centers, parks, fire stations, medical facilities, animal shelters, historical buildings, and pedestrian bridges. Geotechnical design services have consisted of soils and geologic explorations and analyses, geotechnical monitoring and testing, and materials testing and inspection services. We routinely provide materials testing and inspection services within a 24-hour notice and have been able to accommodate same-day requests for inspection and testing services.

WILL ROGERS COASTLINE PROJECT. Geocon performed geotechnical and materials testing and inspection services for the Will Rogers Coastline Project for the County of Los Angeles. The project created a 26-space parking lot at Coastline Street which will be a new parking lot for Will Rogers State Beach. In addition to the redesigned lot, the project also included the construction of a new 15-foot-high and 610-foot-long seawall, a public view deck, a pedestrian beach access ramp complying with the Americans with Disabilities Act, and landscaping improvements.

STEPHEN SORENSEN PARK SPLASH PADS & GYMNASIUM. Geocon prepared a geotechnical investigation report for the design of splash pads at Stephen Sorensen Park and provided construction monitoring services during the construction of the splash pads, gymnasium, and community building. The geotechnical challenges associated with the project included difficult drilling conditions which created challenges during design and construction, shallow groundwater, and shallow depths to bedrock. The site grading included the construction of stability fills and subdrains along the bedrock contact which were required to achieve the necessary grade, drainage and stability. The scope of work for construction monitoring services included the following tasks: • Observation of the grading operation, including the excavation of existing fill, alluvial soils, and bedrock. • Inspection and approval of all excavation bottoms and keyways prior to placing fill. • Inspection and approval of all subdrains in keyways. • Verification of the suitability of import soils used as engineered fill. • In-place density testing on earth materials placed and compacted. • Laboratory testing to aid in evaluating the strength and compaction characteristics of soil types used for fill. • Preparation of a site plan and compaction report.

EL CARISO PARK IMPROVEMENTS. The 79-acre El Cariso Community Regional Park was acquired from unimproved state property in 1974. Geocon prepared a geotechnical investigation report for improvements at El Cariso Park for the County of Los Angeles, Department of Public Works. The purpose of the investigation was to evaluate subsurface soil conditions in the areas of proposed improvements and, based on conditions encountered, to provide conclusions and recommendations pertaining to the geotechnical aspects of design and construction. The scope of the investigation included field explorations, laboratory testing, engineering analysis and the preparation of the geotechnical investigation report. Improvements to the park consisted of two soccer fields, the replacement of two, single-story comfort stations, new ADA compliant bleachers at five existing baseball fields, six new picnic shelters, a 54,000 square foot universally accessible playground, replacement of two play areas, enlargement of an existing parking lot and upgrades and replacement of existing walkways for ADA compliancy.

CITY OF MORENO VALLEY

CYCLE 7 CITYWIDE PEDESTRIAN AND BICYCLE FACILITY ENHANCEMENTS

Reference: City of Moreno Valley , Henry Ngo, Senior Engineer Capital Projects Division, 951.413.3106 / henryn@moval.org

Key Personnel: Lisa Battiato, CEG, Kai Parker

Contract Amount: \$3,875

Beginning and End Dates: April – May 2017

Geocon provided on-call geotechnical observation and testing services during the improvements for the *Cycle 7 Citywide Pedestrian and Bicycle Facility Enhancements* project. Improvements included removal and installation of 12 ADA Ramp locations, which involved construction of sidewalk, sidewalk access ramps, cross gutter and spandrel, and full depth asphaltic concrete placement where improvements join existing pavement. Our scope of services included performing in-place density tests on the earth materials placed and compacted at sidewalk and access ramp subgrade; observation of slurry placement in roadways; performing laboratory tests to aid in evaluating the compaction characteristics of soil types utilized; preparing a report of geotechnical observation and testing for the site improvements.

The project was challenging due to the location of the various intersections throughout the city and the various soil conditions that were encountered at each intersection. We worked with the City inspector to schedule the testing at the various intersections and performed laboratory testing as needed so that the field tests would be meaningful. Quick turnaround times were needed on the laboratory tests so that the contractor could continue work.

Geocon came in under budget at the end of the project by coordinating closely with the City to cover the necessary testing and maximize each site visit.



LIST OF CURRENT ON-CALL CONTRACTS

Geocon has performed on-call geotechnical engineering and materials testing services for numerous municipalities, state agencies, water districts, and school districts within the past five years. A list of **current on-call contracts** Geocon holds with public agencies in Southern California is provided below.

AGENCY	CONTRACT	DURATION
City of Newport Beach	On-Call Geotechnical & Material Testing Services	2016 – Present
County of Los Angeles Department of Public Works	As-Needed Geotechnical Engineering, Materials Testing & Inspection Services	2007 – Present
City of Los Angeles Bureau of Engineering	On-Call Geotechnical & Environmental Consultants List	2012 – Present
City of Pasadena	On-Call Soils & Materials Testing Services	2013 – Present
City of Simi Valley & Ventura County Waterworks District No. 8	Annual Professional Pavement Engineering, Materials Testing & Inspection Services Contract	2013 – Present
County of San Bernardino RES - Project Management Division	On-Call Consultant Agreement for Architectural, Engineering, and Construction Related Services ANE215-ANE2C-1436	2015 – Present
County of San Bernardino Department of Public Works	On-Call Materials Testing, Geotechnical & Geological Services PWG115-LANDD-1510	2015 – Present
Riverside County Flood Control & Water Conservation District	On-Call Geotechnical Engineering & Professional Ancillary Services	2013 – Present
City of San Diego	As-Needed Geotechnical Services	2010 – Present
City of Hesperia	City of Hesperia FY 2017-18 CDBG Street Improvements	2016 – Present
City of Victorville	On-Call Geotechnical Field and Associated Laboratory Testing Services	2018 – Present
City of Moreno Valley	Materials Testing & Geotechnical Services	2016 – Present
City of Lake Elsinore	Materials Testing & Geotechnical Services	2015 – Present
City of Murrieta	On-Call Geotechnical Services	2012 – Present
City of Temecula	Geotechnical & Materials Testing Services	2015 – Present
City of Rancho Mirage	On-Call Materials Testing	2016 – Present
City of Indio	On-Call Materials Testing	2014 – Present
Padre Dam Municipal Water District	As-Needed Geotechnical Engineering Services	2011 – Present
Los Angeles Unified School District	As-Needed Geotechnical Design & Geotechnical Inspection & Testing Services	2005 – Present
University of California, Los Angeles	As-Needed Geotechnical Design & Geotechnical Inspection & Testing Services	2014 – Present
State of California Department of General Services	As-Needed Geotechnical Engineering Services, Southern Region	2005 – Present

REFERENCES

The references below are those associated with projects completed in the last five years.

1) CITY OF NEWPORT BEACH

100 Civic Center Drive,
Newport Beach, CA 92660
Dates of Service: 2016 - Present

Andy Tran, Senior Civil Engineer
949-644-3315 | atran@newportbeachca.gov

2) CITY OF HESPERIA

9700 Seventh Avenue
Hesperia, CA 92345
Dates of Service: 2016 - Present

David Burkett, Project Construction Manager
760.947.1202 | dburkett@cityofhesperia.us

3) CITY OF PASADENA DEPARTMENT OF PUBLIC WORKS

100 N. Garfield Avenue, Room N306, Pasadena, CA
91101
Dates of Service: 2013 – Present

Sean Singletary, Principal Engineer
626.744.4273 | ssingletary@cityofpasadena.net

4) COUNTY OF SAN BERNARDINO DEPARTMENT OF PUBLIC WORKS

385 North Arrowhead Avenue, Third Floor
San Bernardino, California 92415-0184
Dates of Service: 2018 – Present

Dani Fox, Project Manager III
909.601.1165 | dani.fox@pmd.sbcounty.gov

SCHEDULE OF FEES

2018 SCHEDULE OF FEES

PROFESSIONAL SERVICES

Word Processor/Non-Technical Assistant/Draftsman/Dispatcher	\$80/hr.
Engineering Assistant/Lab Technician	90/hr.
Engineering Field Technician (Earthwork/Compaction Testing/Backfill)	*75/hr.
Special Inspector (Concrete, Rebar, Masonry, Welding, etc.)	*80/hr.
Engineering Inspector (Bottom Approval / Shoring / Foundations / Piles)	*95/hr.
LA City Deputy Grading Inspector (Bottom Approval / Shoring / Foundations / Piles)	*105/hr.
Staff Engineer/Geologist	*105/hr.
Project Engineer/Geologist	*130/hr.
Senior Project Engineer/Geologist	*140/hr.
Senior Engineer/Geologist	*160/hr.
Associate Engineer/Geologist	*190/hr.
Principal Engineer/Geologist/Litigation Support	250/hr.
Deposition or Court Appearance	400/hr.
Overtime/Saturday Rate/Night Rate (10pm – 6am w/ 8-Hr minimum per call out)	1.5 X Regular Hourly Rate
Sunday and Holiday Rate	2 X Regular Hourly Rate
Minimum Field Services Fee (per day or per call-out)	4 Hours
Short-Notice Cancellation (after 4 pm of the day prior to the scheduled inspection time)	4 Hours
Short-Notice Cancellation (upon or after arrival at jobsite)	4 Hours

*Prevailing Wage (PW) California Labor Code §1720, et. Seq add \$25/Hr.

TRAVEL

Personnel	Regular Hourly Rate
Subsistence (Per Diem)	\$200/day
Vehicle Mileage	0.60/mile

EQUIPMENT, MATERIALS, & ANALYTICAL TESTS

Nuclear Density Gauge	\$10/Hr.	55-Gallon Drum	65/ea.
Sand Cone Testing Equipment	10/Hr.	Visqueen (6 mil 20X100')	135/roll
Vehicle	10/Hr.	Traffic Cones/Barricades	35/day
Special Inspection Equipment	5/Hr.	TPHg(EPA 8015B)	70/ea.
Asphalt Cold Patch/Concrete (60-lb.), Cement (94-lb.)	20/bag	TPHd/TPHmo	(EPA 8015M) 75/ea.
GPS Unit	160/day	TPH Carbon Chain Breakdown	(EPA 8015M) 110/ea.
Pick-up Truck	125/day	Methanol and/or Ethanol (EPA 8015M)	110/ea.
Direct-Push Rig/Operator	165/190(PW)* /hour	Volatile Organic Compounds	(EPA 8260B) 110/ea.
Direct-Push Sample Liner	10/ea.	Semi-Volatile Organic Compounds	(EPA 8270) 180/ea.
Hand-Auger	40/day	PAHs (EPA 8270SIM)	160/ea.
Soil Sample Tube (Brass or Stainless)	10/ea.	CAM 17 Metals (EPA 6010B)	170/ea.
Bailer (Reusable)	33/day	Single Metal	(EPA 6010B) 20/ea.
Bailer (Disposable)	15/ea.	Hexavalent Chrome (EPA 7199)	60/ea.
Stainless Sampling Pump	\$150/day	Organochlorine Pesticides (EPA 8081)	110/ea.
Battery-Powered Pump	75/day	Organophosphorus Pesticides (EPA 8141)	125/ea.
Water Level Indicator	40/day	Chlorinated Herbicides (EPA 8151)	125/ea.
Interface Probe	85/day	PCBs (EPA 8082)	75/ea.
Photo-Ionization Meter	125/day	Soil pH (EPA 9045C)	20/ea.
Combustible Gas Meter	125/day	WET or TCLP Extraction	75/ea.
pH/Conductivity/Temperature Meter	50/day	EPA 5035 Sample Kits	25/ea.
Turbidity Meter	80/day	Asbestos (PLM)	20/ea.
Air Sampling Pump	80/day	Asbestos (400-point count)	45/ea.
Level D PPE/Decon Rinse Equipment	50/day	Sample Compositing	20/composite
Concrete Coring Equipment	165/day	48-hour Turnaround Time	60% surcharge
Generator or Air Compressor	100/day	72-hour Turnaround Time	40% surcharge
Distilled Water (5-gallon)	15/ea.		

LABORATORY TESTS*

COMPACTION CURVES

(D698/D1557/T99/T108) 4-inch mold	\$190/ea.
(D698/D1557/T99/T108) 6-inch mold	205/ea.
(CT 216) California Impact	205/ea.
Check Point	90/ea.
(D1632/CT312) Soil Cement Cyl. Fabrication (Set of 3)	150
(D1632/CT312) Soil Cement Cyl. Fabrication (Addtl. Spec.)	50/ea
(D1633/CT312) Soil Cement Comp. Strength (Set of 3)	300
(D1633/CT312) Soil Cement Comp. Strength (Addtl. Spec.)	100/ea

SOIL AND AGGREGATE STABILITY

(D2844/CT301) Resistance Value	\$285/ea.
(D2844/CT301) Resistance Value, Treated.....	290/ea.
(D1883) California Bearing Ratio	530/ea.
(C977) Stabilization Ability of Lime.....	185/ea.
(D1883) Calif. Bearing Ratio (Army Corp of Engineers) ...	105/ea

CHEMICAL ANALYSIS

(G187/CT643/T288) pH and Resistivity	\$135/ea.
(D4972/T289) pH Only	30/ea
(CT417) Sulfate Content	95/ea.
(CT422) Chloride Content.....	55/ea.
(D2974) Organic Content	45/ea

PERMEABILITY, CONSOLIDATION AND EXPANSION

(D5084) Permeability, Flexible Wall	\$270/ea
(D5856) Permeability, Rigid Wall.....	260/ea
(D2434) Permeability, Constant Head.....	280/ea
(D2434) Permeability, FHA Slab-on-Grade	110/ea
(D2434) Permeability, Hourly.....	55/ea
(D2435/T216) Consolidation (6 pts. w/ Unload).....	270/ea
(D2435/T216) Consolidation Additional Point w/ Unload.....	45/ea
(D4546) Swell/Compression Testing & Density	125/ea
(D4546) Swell/Settlement Testing & Density (ea. addtl. pt.)	85/ea
(D4546) Swell/Settlement Testing & Density (County).....	100/ea
(D4546) Swell/Settlement Testing & Density (FHA)	90/ea
(D4829) Expansion Index of Soils	160/ea

STEEL TESTING

Reinforcing Steel Tests:

(A370) Tensile Strength & Elongation	
#11 Bar & Smaller.....	\$80/ea
#14 Bar	110/ea
#18 Bar (Proof Test)	120/ea
(A370) Bend Test	
#11 Bar & Smaller.....	\$30/ea
#14 & #18 Bar	50/ea
(A370) Tensile - Mechanically Spliced Bar	

#11 Bar & Smaller.....	\$150/ea
#14 Bar & Larger	190/ea
(A370) Tensile – Electric Resist. Butt Splice w/ Control	150/ea
(A370) Straightening of bar (if required)	25/ea

Structural Steel Tests:

(A370) Machining & Prep of Test Specimen	Cost + 20%
(A370) Tensile Strength & Elongation	
Up to 200,000 lbs	\$80/ea
200,000 – 300,000 lbs	100/ea
300,000 – 400,000 lbs	120/ea

Pre-stressing Wire & Tendon Tests:

SOIL AND AGGREGATE PROPERTIES

(D422/T88) Particle Size, Hydrometer w/out Sieve	\$155/ea
(C136/D6913/T27) Sieve, Coarse to Fine w/ #200 Wash....	150/ea.
(C136/D6913/T27) Sieve, Coarse or Fine w/ #200 Wash....	110/ea.
(C136/D6913/T27) Sieve, Coarse or Fine No #200 Wash....	85/ea.
(C117/D1140/T11) Materials Finer than #200.....	60/ea.
(D2216/T265/CT226) Moisture Content	30/ea
(D2487/D2488) Visual Soil Classification	30/ea

(D2937) Density of In-Place Soil, Drive-Cyl. Method	45/ea
(D4943) Shrinkage Factors of Soils, Wax Method	55/ea
(C131/C535/CT211) L.A. Abrasion Resistance	\$220/ea
(C142/T112) Clay Lumps and Friable Particles	170/ea

SOIL AND AGGREGATE PROPERTIES (CONTD.)

(C123/T113) Light Weight Particles.....	245/ea
(D3744/CT229/T210) Durability Index Fine.....	190/ea
(D3744/CT229/T210) Durability Index Coarse	225/ea
(CT227) Cleanness Value	170/ea
(D4791) Flat & Elongated Particles.....	165/ea
(D693/CT205) Percent Crushed Particles.....	145/ea
(D5821) Percent. of Fractured Particles, Coarse Aggregate ..	140/ea
(C40/CT213/T21) Organic Impurities	75/ea
(C235) Soft Hardness (Scratch Hardness)	100/ea
(C88/CT214/T104) Sulfate Soundness	410/ea
(C1252/T304) Uncompact. Void Content, Fine Aggregate ..	135/ea
(C127/CT206/T85) Coarse Specific Gravity	115/ea
(C128/CT207/T84) Fine Specific Gravity	135/ea
(D854/CT209/T100) Specific Gravity of Soil	105/ea
(C29/CT212/T19) Unit Weight & Percent Voids	90/ea
(D2419/CT217/T176) Sand Equivalent.....	95/ea
(D4318/CT204/T89/T90) Plastic Index (Plastic/Liq. Limit) ..	155/ea
(D4318/CT204/T89) Liquid Limit.....	70/ea
(D4318/CT204/T90) Plastic Limit.....	70/ea
(C330) Spec. for Lightweight Aggregates, Struc. Concrete... Quote	

SHEAR STRENGTH

(D2166) Unconfined Compression	\$100/ea
(D3080/T236) Direct Shear (3 points)	250
(D3080/T236) Direct Shear Addtl. Points/ea. residual pass....	75/ea
(D2850) Unconsolidated-Undrained Triaxial Shear	115/ea
(D2850) Unconsolidated-Undrained Triaxial Staged.....	160/ea
(D4767) Consolidated-Undrained Triaxial Shear	265/ea
(D4767) Consolidated-Undrained Triaxial Staged.....	340/ea
(EM1110) Consolidated-Drained Triaxial Shear	375/ea
(EM1110) Consolidated-Drained Triaxial Staged	480/ea

MASONRY**

Concrete Block Test (Sets of 3 Required):

(C140) Unit Weight Moisture Content & Absorption.....	\$195
(C140) Moisture Content/Absorption (ea. addtl. specimen) ..	65/ea
(C140) Compression Test	195
(C140) Compression Test (ea. addtl. specimen)	65/ea
(C426) Linear Drying Shrinkage	285
(C109/UBC 21-16) Mortar Cylinder (2"x4")	30
(C942) Grout Prism (3"x3"x6"), trimming included	35

Masonry Prism (Assemblage):

(C1314) 8"x8"x16" – 8"x12"x16"	\$165/ea
(C1314) 8"x16"x16" – 10"x12"x16"	180/ea

LABORATORY TESTS* (CONTINUED)

(A421) Tensile Strength, Single Wire	\$110/ea	(C1314) 12"x12"x16" – 12"x16"x16"	235/ea
(A416) Tensile Strength, 7-Wire Strand.....	175/ea	(C1314) Larger than 12"x16"x16"	Quote
<u>High Strength Bolt, Nut, & Washer Tests:</u>			
(A325/A490) Tensile Test on Bolts.....	\$70/ea	<u>Brick Test (Set of 5 Specimens):</u>	
(A563) Proof Load Test on Nuts	70/ea	(C67) 24-Hour Absorption, Cold Water	\$225
(A325/A490) Hardness Test on Bolts.....	30/ea	(C67) 5-Hour Absorption, Boiling Water	\$225
(A536) Hardness Test on Nuts	30/ea	(C67) Compression Test or Modulus of Rupture.....	\$255
(F436) Hardness Test on Washers	25/ea	(C67) Each Additional Specimen	45/ea
<u>Weld Specimen Tests:</u>			
(E164) Ultrasonic Examination	Quote	CONCRETE**	
Machining & Prep of Test Specimen.....	Cost + 20%	<u>Mix Designs:</u>	
(E381) Macrotech Test (3 Faces)	\$355	(ACI211/ACI214) Concrete Mix Design	\$175/ea
ASPHALT TESTING		(ACI211/ACI214) Review of Concrete Mix Design	190/ea
<u>Asphalt Properties:</u>		(C192) Concrete Trial Mix (includes equipment & labor)....	495/ea
(D2726/CT308/T166) Bulk Spec. Grav., Compacted HMA	\$90/ea	<u>Concrete Properties:</u>	
(D1560/CT366) Stabilometer Value (HVEEM)	105/ea	(C39/CT521/T22) Comp. Strength, Concrete Cyl.	\$30/ea.
(D2041) Theoretical Max Specific Gravity	75/ea	(C42/CT521/T22) Comp. Strength, Concrete/Gunite Core ...	50/ea.
(D5444) Sieve Analysis of Extracted Asphalt	150/ea	(C78/CT523) Flex. Strength of 6"x6"x21" Concrete Beam	165/ea.
(D6307/CT382) Percent Asphalt, Ignition Method	150/ea	(C174) Length Measuring of Drilled Cores	55/ea.
(D1188) Unit Weight of Asphalt Core	65/ea	(C1140) Shotcrete Panel-Coring & Testing (Set of 3)	290.
MISCELLANEOUS TESTING SERVICES		(C1140) Shotcrete Panel (each addtl. specimen)	90/ea.
<u>Calibration of Hydraulic Ram:</u>		(C496) Static Modulus of Elasticity.....	200/ea.
100 Ton & Under	\$200/ea	(C496) Drying Shrinkage (Set of 3, up to 28 days)	395
101 Tons – 200 Tons	250/ea	(C642) Spec. Gravity, Absorp., Voids in Hardened Concrete	95/ea
<u>Use of Universal Testing Machine:</u>		(F1869) Vapor Emission Rate, Concrete Subfloor	50/ea
UTM with One Operator	\$320/ea		
Additional Technician	Regular Tech Rate		
<u>Spray Applied Fireproofing:</u>			
(E605/E736) Fireproofing Oven Dry Density/Thickness	\$90/ea		

***2X Surcharge on rush turn-around for laboratory testing.**

****Fee applies for sample storage, testing, or disposal.**

Reimbursables: mileage, courier/shipping fees, printing fees /
reprographics for oversized prints

- Listed are typical charges for the services most frequently performed by Geocon. Prices for unlisted services as well as special quotations for programs involving volume work will be provided upon request. Laboratory test prices shown are for laboratory work only, and include reporting of routine results not calling for comments, recommendations or conclusions.*
- Sampling and testing is conducted in substantial conformance with the latest applicable or designated specifications of the American Society for Testing and Materials, Caltrans, American Association of State Highway and Transportation Officials, or other pertinent agencies.*
- Saturday, night work, and overtime hours are charged at time and one-half; Sundays and holidays at double time. Per diem is \$200.00 per day when location of work dictates.*
- Equipment and materials will be billed at cost plus 15%. Outside services including subcontractors and rental of special equipment are billed at cost plus 15%. Hourly services are billed portal to portal from closest office in accordance with the stated hourly rates herein, with a minimum two-hour charge.*

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Patricia Song
Dept.:	City Manager	Dept.:	Finance
Subject:	Adoption of a Resolution establishing a General Fund Reserve policy. (<i>Action Item</i>)		
		Date:	12/17/2019

OBJECTIVE

For the City Council to adopt the attached Resolution establishing the City of Garden Grove General Fund Reserve Policy.

BACKGROUND

With the adoption of the City of Garden Grove Fiscal Years 2019-21 biennial budget on June 25, 2019, the City Council directed staff to develop a reserve policy and establish a minimum General Fund reserve level, designate specific portions of the reserve for stabilization and catastrophic purposes, as well as the application of special one-time revenues.

DISCUSSION

A General Fund Reserve, or commonly known as the "rainy day fund," ensures a government's ability to maintain vital services to the community during times of economic uncertainty or catastrophic loss.

The City of Garden Grove is committed to achieving long-term fiscal stability and mitigating the impacts of extraordinary risk such as natural disasters and economic volatility. Establishing an adequate reserve policy will allow the City to navigate through challenging times and achieve long-term fiscal success.

The City follows the best practice guidelines published by the Government Finance Officers Association (GFOA), *Fund Balance Guidelines for the General Fund*, develops and maintains Policy Number 200-07, General Fund Reserve Policy (the Policy), to ensure that financial resources are managed responsibly.

GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. The Policy establishes a reserve level at the minimum of

16.7%, or two months of the General Fund's operating revenues, with the goal of reaching 30% over time. In addition to determining the appropriate reserve levels, GFOA recommends defining the specific purposes for the reserve fund. The Garden Grove General Fund Reserve Policy categorizes the reserve into three types, Stability Reserve, Catastrophic Reserve, and Designated Revenue Reserve.

The Policy is also developed in the context of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). GASB 54 requires fund balance be reported in the following five components:

- *Non-spendable Fund Balance* – represents amounts that cannot be spent because they are either not in spendable form or legally/contractually required to be maintained intact.
- *Restricted Fund Balance* – the restriction on use of these funds are externally imposed by creditors, grantors, contributors, or laws and regulations.
- *Committed Fund Balance* – the restrictions on use are self-imposed by the government's highest level of decision-making authority, such as City Council.
- *Assigned Fund Balance* – represents amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned Fund Balance* – the residual net resources is considered unassigned.

The first two components listed above are not addressed in the Policy due to the inherent nature of their restrictions. The Policy establishes three categories of reserve within the *Committed Fund Balance*. Therefore, the use of any of the three reserve categories requires formal actions from the City Council. The three categories of reserve reported in the *Committed Fund Balance* are:

Catastrophic Reserve

Catastrophic Reserve is resources set aside to mitigate impact associated with public emergency such as natural disaster or other unforeseen catastrophic events. Catastrophic Reserve is to be funded after the Stability Reserve is fully funded at the minimum level of 16.7% of the General Fund's operating revenues. Together with the Stability Reserve, the combined reserve balance is targeted at 30% of the General Fund operating revenues.

Stability Reserve

A Stability Reserve is maintained to mitigate financial risks associated with unexpected revenue shortfalls due to changes in the economic environment. In times of economic downturn, if revenues are insufficient to meet the normal operating requirements of essential services, funds contained in the Stability Reserve may be used if authorized by two-third vote of the City Council. The funding level for the Stability Reserve is set at 16.7%, or two months of regular General Fund operating revenues.

Designated Revenues Reserve

Designated Revenues are inflow or sources that are not associated with the City's normal, routine operations. They are one-time in nature, and are usually the result of sale of City owned properties, major settlements, one-time contribution/donation, or other non-recurring projects and/or transactions. Due to the nature of these revenues, it is a prudent fiscal practice to exclude them from available sources that fund normal on-going operating costs. The Policy authorized the City Council to commit the Designated Revenues as a committed reserve, and upon request from the City Manager, the City Council may authorized the use of Designated Revenues by a two-third vote.

Funds contained in the Designated Revenues Reserve should not count towards the minimum or targeted reserve level.

FINANCIAL IMPACT

The General Fund reported \$47.4 million as *Unassigned Fund Balance* as of June 30, 2019, the City's most recent audited financial statement date. Fiscal Year 2019-20's adopted General Fund's budget showed estimated operating revenue in the amount of \$134.2 million, 16.7% of which is \$22.4 million. It is recommended that the City Council approve reclassifying \$22.5 million from the *Unassigned Fund Balance* to the newly established Stability Reserve as of July 1, 2019. The reclassification of *Unassigned Fund Balance* to *Committed Fund Balance* does not require appropriation.

RECOMMENDATION

It is recommended that the City Council:

- Adopt the attached Resolution establishing the City of Garden Grove General Fund Reserve Policy.
- Approve the reclassification of \$22,500,000 from the *Unassigned* fund balance to the newly established Stability Reserve, reported as a category within the *Restricted* fund balance component.

ATTACHMENTS:

Description	Upload Date	Type	File Name
CC Resolution	12/12/2019	Resolution	12-17-19-GF_Reserve_Policy.pdf
Attachment 2 - General Fund Reserve Policy	12/5/2019	Backup Material	GF_Reserve_Policy.docx

GARDEN GROVE CITY COUNCIL

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE,
CALIFORNIA ADOPTING THE CITY OF GARDEN GROVE GENERAL FUND RESERVE
POLICY

WHEREAS, the City is committed to effectively mitigate risks and achieve long-term fiscal stability;

WHEREAS, the Governmental Accounting Standards Board issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, requiring fund balance be reported in five components, namely *non-spendable, restricted, committed, assigned, and unassigned*; and

WHEREAS, the Government Finance Officers Association (GFOA) published best practice guidelines recommending all general-purpose governments maintain unrestricted budgetary fund balance in the General Fund at a minimum of regular General Fund operating revenues or expenditures; and

WHEREAS, the City Council has directed staff to develop a reserve policy, establish a minimum General Fund reserve level with the purpose of allowing the City's ability to mitigate current and future financial risks resulting from economic instability or catastrophic loss, and restrict the use of one-time revenue.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Garden Grove does hereby approve and establish the City of Garden Grove General Fund Reserve Policy attached hereto and incorporated herein by this reference.

SUBJECT:	GENERAL FUND RESERVE POLICY	POLICY NUMBER	EFFECTIVE DATE
		200-07	07-01-2019

PURPOSE: The City is committed to prudent fiscal practices and maintaining adequate General Fund reserves to ensure consistent, uninterrupted municipal services in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures, as well as the credit worthiness of the City. The General Fund Reserve Policy (the Policy) establishes the appropriate level of unassigned fund balance in the General Fund, sets conditions warranting its use, and outlines the plan to replenish it if the balance fell below the Policy level.

POLICY:

The General Fund is the City's primary operating fund. It is not connected to any one revenue source and pays for general services provided by the City as well as public safety and capital improvements. A key attribute of financially stable organization is having appropriate level of reserves. It allows the City to mitigate current and future financial risks resulting from economic instability or catastrophic loss.

1. The City shall establish and maintain adequate financial reserves in order to prepare for the impact economic cycles and physical disasters have upon essential services to the public and assure annual fluctuation in revenue do not impeded the City's ability to meet expenditure obligations.
2. Fund balance as a measurement of financial resources available in a governmental fund is used in both financial reporting and budget. There are differences between the two and will likely result in different amounts reported in the financial statements and the budget. Financial statements report the total of all General Fund and its sub-funds' fund balances, yet budgetary fund balance typically focuses on the General Fund itself only. In addition, the timing difference in recognition of revenues and expenditures also contributes to the variance between the two. For example, encumbrances arising from purchase orders and contracts reduces budgetary fund balance, yet it has no impact on the financial statements.
3. In the context of financial reporting, the term *fund balance* is used to describe the difference between the assets and liabilities reported in a governmental fund. Under current accounting standards, there are five separate components of fund balance:
 - *Nonspendable Fund Balance* (inherently non-spendable, such as inventory)
 - *Restricted Fund Balance* (externally enforceable limitations on use, such as grants, contributions, or endowments)

- *Committed Fund Balance* (self-imposed limitation on use through City Council action)
- *Assigned Fund Balance* (limitation resulting from intended use)
- *Unassigned Fund Balance* (residual net resources)

The first two components listed above are not specifically addressed in the Policy due to the nature of their restrictions.

4. Committed Fund Balance

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal period, however, the amount can be determined subsequently.

Three types of committed reserves are set aside by the City to address unforeseen emergencies or disasters, significant changes in the economic environment, and key initiatives including economic development, infrastructure and capital projects.

Catastrophic Reserve

Funds reserved under this category shall be used to mitigate costs associated with public emergency such as a natural disaster or other unforeseen catastrophic events. The Catastrophic Reserve shall be used to respond to extreme, one-time events, such as earthquakes, fires, floods, civil disturbance, and terrorist attacks. This reserve will not be used to meet operation shortfalls or to fund new programs or personnel. It will be restricted and only expanded in the event such expenditures are necessary to ensure the safety of the City's residents and their property.

Stability Reserve

Stability Reserve shall be maintained to mitigate financial risks associated with unexpected revenue shortfalls due to changes in the economic environment. In times of economic downturn, if revenues are insufficient to meet the normal operating requirements of essential services, funds contained in the Stability Reserve may be used if authorized by two-third vote of the City Council.

Designated Revenues Reserve

The City Council may designate certain one-time revenue generated from non-operating activities outside the City's normal operations (Designated Revenues). These one-time revenues include but not limited to proceeds from sale of City property, settlement, contribution, or one-time project and/or transaction. The Designated Revenues are committed by formal action of the City Council. Upon

request from the City Manager, Designated Revenues may be appropriated for departmental use if authorized by two-third vote of the City Council. Those Designated Revenues not appropriated at fiscal year end are reported as Committed Fund Balance.

5. Target Levels for Committed Fund Balance

The Government Finance Officers Association (GFOA) recommends, at a minimum, that general purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their General Fund of no less than two months of regular General Fund operating revenues or expenditures. Following sound financial practices and adhering to the GFOA recommendation, the City commits to maintaining a minimum level of 16.7% (or two months) of adopted operating revenues, with a goal of reaching 30% over time. This target reserve level does not include the amount set aside for Designated Revenues Reserve.

The 30% target reserve level will be allocated as follows:

- 16.7 % Stability Reserve, and
- 13.3% Catastrophic Reserve

6. Methodology to Meet Target Reserve Levels

At the end of each fiscal year, the Finance Department reports on the audited fiscal results. Should actual General Fund revenues exceed expenditures and encumbrances/carryovers, a year-end operating surplus shall be reported. The year-end surplus could be used to support funding the target reserve levels as recommended by the City Manager and approved through the adoption of the biennial budgets.

7. Replenishment of General Fund Reserves

A replenishment schedule shall be adopted simultaneously with the appropriation from the reserve funds, with the exception of the use of the Designated Revenues Reserve. Replenishment shall begin no later than 5 years from the year of the appropriation and be completed within 10 years.

8. Assigned Fund Balance

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, are considered as Assigned Fund Balance. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the City Manager. Assigned Fund Balance could include:

- Encumbrances – goods and services on purchase orders and contracts that are to be delivered
- Carryover – appropriation by City Council for specific projects or programs that were not completed and not encumbered by fiscal year end.
- GASB 31 Gain – unrealized investment gains that have been recorded in the financial statement in accordance with governmental accounting standards.
- Set Asides – amount designated for certain capital replacement, reduction of debt, special events or non-recurring expenditure needs of the City.

9. Unassigned Fund Balance

Unassigned fund balance results from fund balance exceeds the combined total of non-spendable, restricted, committed and assigned fund balances. Upon final close of the fiscal year, any unassigned fund balance may be used to fund liabilities, including but not limited to debt service, pension, and other post-employment benefits. Priority shall be given to those items that relieve General Fund budget or financial and operating constraints in the future.

10. Excess Unrestricted Fund Balance

In the event the unrestricted fund balance exceeds the Policy requirement, at the end of each fiscal year, any excess may be used to fund the activities that relieve budget or financial operating constraints in the future, subject to City Council approval, including but not limited to:

- Debt reduction, including outstanding long-term obligation, pension, and other post-employment benefit;
- Revenue generating initiatives that result in continuous revenue stream; and
- Cost saving efforts that result in ongoing cost reduction; and
- One-time expenditures that advances a goal of the City Council's priorities.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Lisa L. Kim
Dept.:	City Manager	Dept.:	Community and Economic Development
Subject:	Consideration by the City Council to approve the Purchase and Sale Agreements with Investel Garden Resorts LLC for properties located at 12233, 12235, 12237, and 12239 Choisser Road, Garden Grove. (<i>Action Item</i>)		
		Date:	12/17/2019

OBJECTIVE

For the City Council to approve Purchase and Sale Agreements with Investel Garden Resorts LLC for properties located at 12233, 12235, 12237, and 12239 Choisser Road, Garden Grove.

BACKGROUND

On December 3, 2019, the City received an unsolicited offer from Investel Garden Resorts LLC (Investel) to purchase four (4) residential properties located at 12233, 12235, 12237 and 12239 Choisser Road. The proposed price and terms was presented at the December 10, 2019 City Council meeting. Staff received direction to negotiate the final price and terms of the sale and prepare the Purchase and Sale Agreements for City Council consideration at the December 17, 2019 meeting.

The Choisser properties were originally acquired by the City of Garden Grove to support the development of the Site C project. Portions of the rear yards of each of the Choisser properties was conveyed to Investel as they were going to be impacted by the Site C development. To facilitate implementation of the Site C project, Investel has expressed interest to acquire the remaining portions of the Choisser properties.

DISCUSSION

The City's economic consultant, John Yonai with Tierra West Advisors has conducted an Opinion of Value and determined the fair market value of the Choisser properties to be \$1.8 million.

The salient points of the Purchase and Sale Agreements are as follows:

- An all cash purchase price in the amount of \$1,800,000;
- The properties acquired by Investel shall be AS-IS with no warranties;
- The current tenant leases will be transferred to Investel; and
- Escrow closing to occur no later than December 31, 2019.

It is recommended that the City Council approve the Purchase and Sale Agreements.

FINANCIAL IMPACT

The disposition of the four (4) Choisser properties will generate one-time sale proceeds of \$1.8 million.

RECOMMENDATION

It is recommended that the City Council:

- Approve the Purchase and Sale Agreements and joint escrow instructions for the sale of 12233, 12235, 12237 and 12239 Choisser Road; and
- Authorize the City Manager to execute the four Purchase and Sale Agreements and to approve any and all modifications that are deemed necessary, and to execute all other documents necessary to close the real property transfer.

ATTACHMENTS:

Description	Upload Date	Type	File Name
12233 Choisser	12/13/2019	Agreement	12-17-19_12233_CHOISSER.pdf
12235 Choisser	12/13/2019	Agreement	12-17-19_12235_CHOISSER.pdf
12237 Choisser	12/13/2019	Agreement	12-17-19_12237_CHOISSER.pdf
12239 Choisser	12/13/2019	Agreement	12-17-19_12239_CHOISSER.pdf

**REAL ESTATE PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

**12233 Choisser Rd.
APN 231-491-15**

THIS AGREEMENT ("Agreement") is entered into this ____ day of December, 2019 ("Agreement Date") by and between the City of Garden Grove, a California municipal corporation ("Seller"), and the undersigned buyer Investel Garden Resorts LLC ("Buyer") for acquisition by Buyer of certain real property described below.

IT IS HEREBY MUTUALLY AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. **Agreement to Sell and Purchase.** Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, upon the terms and for the consideration set forth in this Agreement, that certain real property ("Property") situated at **12233 Choisser Road** in the City of Garden Grove, County of Orange, State of California, APN 231-491-15, and legally described in Exhibit "A" attached hereto and incorporated herein by reference.
2. **Purchase Price/Settlement Price.** The total purchase price, payable in cash through escrow, shall be the sum of (\$_____) (the "Purchase Price").
3. **Conveyance of Title.** Seller agrees to convey by Grant Deed to Buyer marketable fee simple title to the Property free and clear of all recorded and unrecorded liens, encumbrances, assessments, easements, leases and taxes EXCEPT:
 - A. Real property taxes for the then current tax year, which are a lien not yet due and payable.
 - B. All title exceptions set forth in the Preliminary Title Report obtained pursuant to Section 4.1 below.
 - C. Easements or rights-of-way over the Property for public or quasi-public utility and/or public street purposes, if any.
4. **Title Report and Title Insurance Policy.**
 - 4.1 **Preliminary Title Report.** Seller agrees to obtain and provide Buyer with a Preliminary Title Report issued by Fidelity National Title Company on the property over, under, across and/or upon which the Property lies, together with legible copies of all documents, whether recorded or unrecorded, evidencing exceptions to title referred to therein within five (5) calendar days of the Agreement Date. Seller agrees to pay all costs of said Preliminary Title Report.
 - 4.2 **Title Insurance Policy.** Escrow Agent shall, following recording of deed to Buyer, provide Buyer with a standard owner's CLTA policy of title insurance in the amount of the Purchase Price, issued by Fidelity National Title Insurance Company, showing

fee simple title to the Property vested in Buyer subject only to the exceptions set forth in Paragraph 3 above and the printed exceptions and stipulations in the policy. Seller agrees to pay the premium charged for the standard owner's CLTA policy.

5. **Escrow.** Seller agrees to open an escrow in accordance with this Agreement at _____ [Name, address] ("Escrow Agent"). This Agreement constitutes the joint escrow instructions of Buyer and Seller, and Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties hereto agree to do all acts necessary to close this escrow in the shortest possible time.

5.1 **Grant Deed.** Seller shall execute and deliver a Grant Deed (the "Grant Deed") to the Escrow Agent at least three (3) days prior to the close of escrow. Buyer agrees to deposit the Purchase Price/Settlement Price as described in Section 2 above upon demand of Escrow Agent. Buyer and Seller agree to deposit with Escrow Agent any additional instruments or funds as may be necessary to complete this transaction.

5.2 **Insurance.** Insurance policies for fire or casualty are not to be transferred, and Seller will cancel its own policies after close of escrow.

5.3 **Escrow Account.** All funds received in this escrow shall be deposited with other escrow funds in a general insured escrow account(s) and may be transferred to any other escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check or by wire from the account.

6. **Tax Adjustment Procedure.**

ESCROW AGENT IS AUTHORIZED AND IS INSTRUCTED TO COMPLY WITH THE FOLLOWING TAX ADJUSTMENT PROCEDURE:

6.1 **Delinquent Taxes.** Pay and charge Seller for any unpaid delinquent property taxes and/or penalties and interest thereon, and for any delinquent assessments or bonds against the Property.

6.2 **Proration.** Taxes and/or assessments shall be pro-rated as of the date of the close of escrow.

7. **Escrow Agent Authorization.**

ESCROW AGENT IS AUTHORIZED TO, AND SHALL:

7.1 **Escrow Fees, Charges and Costs.** Seller agrees to pay all of the usual fees, charges and costs which arise in this escrow.

7.2 **Disbursement.** Disburse funds and deliver the Grant Deed when conditions of this escrow have been fulfilled by Buyer and Seller.

- 7.3 Close of Escrow. The term “close of escrow,” if and where written in these instructions, shall mean the date the Grant Deed and other necessary instruments of conveyance are recorded in the office of the Orange County Recorder. Recordation of instruments delivered through this escrow is authorized, if necessary or proper in the issuance of the policy of title insurance.
- 7.4 Time Limits. All time limits within which any matter specified is to be performed may be extended by mutual agreement of the parties. Any amendment of, or supplement to, any instructions must be in writing.
- 7.5 Time of the Essence. **TIME IS OF THE ESSENCE IN THESE INSTRUCTIONS AND ESCROW IS TO CLOSE AS SOON AS POSSIBLE.** If this escrow is not in condition to close by December 31, 2019, any party who then shall have fully complied with its instructions may, in writing, demand the return of its money or property; but if neither party complied, no demand for return shall be recognized until three (3) days after Escrow Agent shall have mailed copies of demand to all other parties at the respective addresses shown in these escrow instructions, and if any objections are raised within the three (3) day period, Escrow Agent is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual instructions. If no demands are made, Escrow Agent shall proceed with closing of this escrow on or before December 31, 2019.
- 7.6 Escrow Agent Responsibility. The responsibility of the Escrow Agent under this Agreement is expressly limited to Paragraphs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 18, 19, 26, and 27 and to its liability under any policy of title insurance issued in regard to this escrow.
8. **Buyer’s Conditions Precedent to Close of Escrow.** The obligation of the Buyer to complete the purchase of the Property is subject to the satisfaction of the following conditions:
- 8.1 Buyer shall have received and approved the Preliminary Title Report and all the exceptions set forth therein. Buyer shall deliver notice of approval or disapproval to Seller within seven (7) calendar days after receipt of the Preliminary Title Report. Failure of Buyer to disapprove the Preliminary Title Report within seven days shall be deemed approval of the Preliminary Title Report.
- 8.2 Seller shall deliver through escrow an executed and recordable Grant Deed sufficient to convey fee title to the Buyer as set forth in Section 5.1.
- 8.3 Seller shall deliver through escrow a duly executed Non-Foreign Transferor Declaration.
- 8.4 Seller shall deliver to Escrow (i) an assignment of leases and rental agreements assigning to Buyer all of the leases and rental agreements for the Property; and (ii) a current rent roll, certified by City as being accurate, including a list of tenant deposits and prepaid and delinquent rents.

- 8.5 Seller shall deliver through escrow such funds and documents as are necessary to comply with Seller's obligations under this Agreement.
- 8.6 Seller is not in default of any of its obligations under the Terms of this Agreement.
- 8.7 Escrow Agent has committed to deliver to Buyer a title insurance policy as required by Section 4 hereof.
9. **Seller's Conditions Precedent to Close of Escrow.** The obligation of Seller to complete the sale of the Property is subject to the satisfaction of the following conditions:
- 9.1 The Buyer is not in default of any of its obligations under the terms of this Agreement.
- 9.2 The Buyer shall have deposited with the Escrow Agent immediately available funds in the amount of the Purchase Price and Settlement Price and the Buyer's costs described herein.
10. **Failure of Conditions Precedent to Closing.** In the event any of the conditions set forth in Sections 8 and 9, above, are not timely satisfied or waived, for any reason other than the default of Buyer or Seller under this Agreement:
- 10.1 This Agreement, the Escrow, and the rights and obligations of Buyer and Seller shall terminate.
- 10.2 In such event, Seller, Buyer, and Escrow Agent shall promptly return all documents and funds which are held by them on the date of said termination to the party who delivered or deposited them hereunder (reduced by, in the case of the party otherwise entitled to such funds, the amount of any cancellation fees required to be paid by such party under Section 11 below).
11. **Cancellation Fees and Expenses.** In the event Escrow terminates because of the notice or failure to satisfy any condition for a reason other than the default of Buyer or Seller under this Agreement, the cancellation charges required to be paid by and to Escrow Agent and the Title Company shall be borne wholly by Seller, and all other charges shall be borne by the party incurring them. In the event Escrow terminates because of the default of Buyer or of Seller, the defaulting party shall be responsible for all cancellation charges required to be paid by and to Escrow Agent and Title Company.
12. **[Reserved].**
13. **Warranties, Representations and Covenants of Seller.** Seller hereby warrants, represents and/or covenants to Buyer that:

- 13.1 Pending Claims. To the best of Seller's knowledge, there are no actions, suits, claims, legal proceedings, or any other proceedings affecting the Property or any portion thereof, at law, or in equity before any court or governmental entity, domestic or foreign.
- 13.2 Encroachments. To the best of Seller's knowledge, there are no encroachments onto the Property by improvements on any adjoining property, nor do any buildings or improvements located on the Property encroach on other properties.
- 13.3 Condition of Property. The property is rented to residential tenants. Prior to the closing of escrow, Seller agrees to operate, maintain, use and repair the Property in substantially the same manner as prior hereto in accordance with Seller's normal course of business (reasonable wear and tear excepted) and not encumber the Property or enter into leases or subleases of the Property (or any portion thereof) that extend beyond the scheduled date of closing, unless any such encumbrance, lease, or sublease is subject to release or termination by Seller on or prior to the scheduled date of closing. Prior to the date of closing, Seller shall maintain and manage the Property at its sole cost and expense, and is entitled to receive and retain any and all rents and lease payments owing or collected from tenants for any period prior to the date of closing. Prior to closing, Seller shall limit all tenants' use of the property to substantially the same manner and type of use undertaken immediately prior to the opening of Escrow.
- 13.4 Seller's Title. Until the close of escrow, Seller shall not do anything which would impair Seller's title to any of the real property.
- 13.5 Conflict with Other Obligation. To the best of Seller's knowledge, neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, covenants, conditions and restriction, or other agreement or instrument to which Seller or Seller's Property may be bound.
- 13.6 Change of Situation. Until the close of escrow, Seller shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of the close of escrow, immediately give written notice of such fact or condition to Buyer.
- 13.7 Authority. Seller is the owner of and has the full right, power, and authority to sell, convey, and transfer the Property to Buyer as provided herein and to carry out Seller's obligations hereunder.
- 13.8 Bankruptcy. Neither Seller nor any related entity is the subject of a bankruptcy proceeding and permission of a bankruptcy court is not necessary for Seller to be able to transfer the Property as provided herein.

- 13.9 Representations and Warranties Survive Close of Escrow. All of the Representations and Warranties of Seller set forth herein shall survive the Close of Escrow.
14. **Warranties, Representations and Covenants of Buyer.** Buyer hereby warrants, represents and/or covenants to Seller that:
- 14.1 Authorization. Buyer represents and warrants that its entry into this Agreement has been duly authorized by all requisite action on the part of Buyer and each person signing this Agreement as or on behalf of Buyer is duly authorized to do so. Buyer further represents that it has full right and authority to enter into this Agreement and consummate the transactions described herein. The execution, consent or acknowledgment of no other person or entity is necessary in order to validate the execution of this Agreement by Buyer or permit the consummation of the transactions described herein.
- 14.2 Conflicting Obligations. Buyer represents and warrants that its entry into this Agreement and the performance of its obligations hereunder does not contravene or constitute breach of any agreement, contract or indenture to which Buyer is a party or by which Buyer or its assets are bound.
- 14.3 Representations and Warranties Survive Close of Escrow. All of the Representations and Warranties of Buyer set forth herein shall survive the Close of Escrow.
15. **Hazardous Waste/Hazardous Substances; "As-Is" Sale.** Buyer is accepting the Property in an "as-is" condition. Buyer shall be responsible for any and all Hazardous Substances or Hazardous Wastes on the Property. As used herein, the terms "Hazardous Substances" and "Hazardous Wastes" shall have the same meaning as under any federal and/or state law or regulation.
16. **Compliance with Environmental Laws.** To the best of Seller's knowledge, the Property complies with all applicable laws and governmental regulations including, without limitation, all applicable federal, state and local laws pertaining to air and water quality, hazardous waste, waste disposal and other environmental matters, including, but not limited to, the Clean Water Act, Clean Air Act, Federal Water Pollution Control Act, Solid Waste Disposal Act, Resource Conservation Recovery Act and Comprehensive Environmental Response, Compensation and Liability Act, and the rules, regulations and ordinances of the City of Garden Grove, the California Department of Health Services, the Regional Water Quality Control Board, the State Water Resources Control Board, and the Environmental Protection Agency. Seller has not received any notices of violation of any such laws and regulations.
17. **Broker's Commission.** Seller warrants and represents that it has not engaged the services of any agent, finder or broker in connection with the transaction which is the subject of this Agreement, and that it is not liable for any real estate commissions, broker's fees or finder's fees which may accrue by means of the sale of the Property. Buyer will be solely responsible and liable for its own broker fees and costs. Seller and Buyer agree to and do hereby defend,

indemnify and hold the other harmless from and against any and all costs, liabilities, losses, damages, claims, causes of action or proceedings which may result from any broker, agent or finder, licensed or otherwise, which it has employed or who may make such claim in connection with the transaction covered by this Agreement.

18. **Waiver, Consent and Remedies.** Each provision of this Agreement to be performed by Buyer and Seller shall be deemed both a covenant and a condition and shall be a material consideration for Seller's and Buyer's performance hereunder, as appropriate, and any breach thereof by Buyer or Seller shall be deemed a material default hereunder. The parties may specifically and expressly waive any portion of this Agreement or any breach thereof through a written amendment signed by both parties, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Except as otherwise specified herein, either party hereto may pursue any one or more of its rights, options or remedies hereunder or may seek damages or specific performance in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.
19. **Attorney's Fees.** In the event any declaratory or other legal or equitable action is instituted between Seller, Buyer and/or Escrow Agent in connection with this Agreement, then as between Buyer and Seller, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorney's fees, and all fees, costs and expenses incurred on any appeal or in collection of any judgment.
20. **Notices.** Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law shall be validly given or made only if in writing and delivered in person to an officer or duly authorized representative of the other party or deposited in the United States mail, duly certified or registered (return receipt requested), postage prepaid, and addressed to the party for whom intended, as follows:

If to Buyer: Investel Garden Resorts LLC
 12966 Euclid St., Ste. 300
 Garden Grove, CA 92840

If to Seller: City of Garden Grove
 11222 Acacia Parkway
 Garden Grove, CA 92840
 Attention: Real Property Office

Any party may from time to time, by written notice to the other, designate a different address, which shall be substituted for that specified above. If any notice or other document is sent by mail as aforesaid, the same shall be deemed fully delivered and received forty-eight (48) hours after mailing as provided above.

21. **Default.** Failure or delay by either party to perform any covenant, condition or provision of this Agreement within the time provided herein constitutes default under this Agreement. The injured party shall give written notice of default to the party in default, specifying the nature of such default. The defaulting party shall immediately commence to cure such default and shall diligently complete such cure within fifteen (15) days from the date of the notice or such longer period if the nature of the default is such that more than fifteen (15) days is required to cure such default. The injured party shall have the right to terminate this Agreement by written notice to the other party in the event of a default, which is not cured within the time set forth herein.
22. **Entire Agreement.** This Agreement and its exhibits constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understanding of the parties hereto, oral or written, express or implied, are hereby superseded.
23. **Captions.** The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.
24. **Governing Law.** This Agreement and the exhibits attached hereto have been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California.
25. **Severability.** In the event that any term, covenant, condition or provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or against public policy, the remaining provisions shall continue in full force and effect.
26. **Amendments.** No addition to or modification of any provision contained in this Agreement shall be effective unless fully set forth in writing by Buyer and Seller.
27. **Binding Upon Successors.** The terms and conditions, covenants and agreements set forth herein shall apply to and bind the heirs, executors, administrators, assigns and successors of the parties hereof.
28. **Counterparts.** This Agreement may be executed in counterparts, each of which when executed shall, regardless of the date of its execution and delivery, be deemed an original, and all counterparts together shall constitute one and the same instrument.
29. **Legal Advice.** Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their

respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

30. **Cooperation.** Each party agrees to cooperate with the other in the closing of this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year set forth herein above.

“Seller”

“Buyer”

CITY OF GARDEN GROVE

INVESTEL GARDEN RESORTS LLC

By: _____
City Manager

By: _____

Attest:

By: _____

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

APN: 231-491-15

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF GARDEN GROVE, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 5 OF TRACT NO. 2782, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 89, PAGES 24 AND 25 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE WESTERLY 30.7 FEET THEREOF.

**REAL ESTATE PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

**12235 Choisser Rd.
APN 231-491-14**

THIS AGREEMENT ("Agreement") is entered into this ____ day of December, 2019 ("Agreement Date") by and between the City of Garden Grove, a California municipal corporation ("Seller"), and the undersigned buyer Investel Garden Resorts LLC ("Buyer") for acquisition by Buyer of certain real property described below.

IT IS HEREBY MUTUALLY AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. **Agreement to Sell and Purchase.** Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, upon the terms and for the consideration set forth in this Agreement, that certain real property ("Property") situated at **12235 Choisser Road** in the City of Garden Grove, County of Orange, State of California, APN 231-491-14, and legally described in Exhibit "A" attached hereto and incorporated herein by reference.
2. **Purchase Price/Settlement Price.** The total purchase price, payable in cash through escrow, shall be the sum of (\$_____) (the "Purchase Price").
3. **Conveyance of Title.** Seller agrees to convey by Grant Deed to Buyer marketable fee simple title to the Property free and clear of all recorded and unrecorded liens, encumbrances, assessments, easements, leases and taxes EXCEPT:
 - A. Real property taxes for the then current tax year, which are a lien not yet due and payable.
 - B. All title exceptions set forth in the Preliminary Title Report obtained pursuant to Section 4.1 below.
 - C. Easements or rights-of-way over the Property for public or quasi-public utility and/or public street purposes, if any.
4. **Title Report and Title Insurance Policy.**
 - 4.1 **Preliminary Title Report.** Seller agrees to obtain and provide Buyer with a Preliminary Title Report issued by Fidelity National Title Company on the property over, under, across and/or upon which the Property lies, together with legible copies of all documents, whether recorded or unrecorded, evidencing exceptions to title referred to therein within five (5) calendar days of the Agreement Date. Seller agrees to pay all costs of said Preliminary Title Report.
 - 4.2 **Title Insurance Policy.** Escrow Agent shall, following recording of deed to Buyer, provide Buyer with a standard owner's CLTA policy of title insurance in the amount of the Purchase Price, issued by Fidelity National Title Insurance Company, showing

fee simple title to the Property vested in Buyer subject only to the exceptions set forth in Paragraph 3 above and the printed exceptions and stipulations in the policy. Seller agrees to pay the premium charged for the standard owner's CLTA policy.

5. **Escrow.** Seller agrees to open an escrow in accordance with this Agreement at _____ [Name, address] ("Escrow Agent"). This Agreement constitutes the joint escrow instructions of Buyer and Seller, and Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties hereto agree to do all acts necessary to close this escrow in the shortest possible time.

5.1 **Grant Deed.** Seller shall execute and deliver a Grant Deed (the "Grant Deed") to the Escrow Agent at least three (3) days prior to the close of escrow. Buyer agrees to deposit the Purchase Price/Settlement Price as described in Section 2 above upon demand of Escrow Agent. Buyer and Seller agree to deposit with Escrow Agent any additional instruments or funds as may be necessary to complete this transaction.

5.2 **Insurance.** Insurance policies for fire or casualty are not to be transferred, and Seller will cancel its own policies after close of escrow.

5.3 **Escrow Account.** All funds received in this escrow shall be deposited with other escrow funds in a general insured escrow account(s) and may be transferred to any other escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check or by wire from the account.

6. **Tax Adjustment Procedure.**

ESCROW AGENT IS AUTHORIZED AND IS INSTRUCTED TO COMPLY WITH THE FOLLOWING TAX ADJUSTMENT PROCEDURE:

6.1 **Delinquent Taxes.** Pay and charge Seller for any unpaid delinquent property taxes and/or penalties and interest thereon, and for any delinquent assessments or bonds against the Property.

6.2 **Proration.** Taxes and/or assessments shall be pro-rated as of the date of the close of escrow.

7. **Escrow Agent Authorization.**

ESCROW AGENT IS AUTHORIZED TO, AND SHALL:

7.1 **Escrow Fees, Charges and Costs.** Seller agrees to pay all of the usual fees, charges and costs which arise in this escrow.

7.2 **Disbursement.** Disburse funds and deliver the Grant Deed when conditions of this escrow have been fulfilled by Buyer and Seller.

- 7.3 Close of Escrow. The term “close of escrow,” if and where written in these instructions, shall mean the date the Grant Deed and other necessary instruments of conveyance are recorded in the office of the Orange County Recorder. Recordation of instruments delivered through this escrow is authorized, if necessary or proper in the issuance of the policy of title insurance.
- 7.4 Time Limits. All time limits within which any matter specified is to be performed may be extended by mutual agreement of the parties. Any amendment of, or supplement to, any instructions must be in writing.
- 7.5 Time of the Essence. **TIME IS OF THE ESSENCE IN THESE INSTRUCTIONS AND ESCROW IS TO CLOSE AS SOON AS POSSIBLE.** If this escrow is not in condition to close by December 31, 2019, any party who then shall have fully complied with its instructions may, in writing, demand the return of its money or property; but if neither party complied, no demand for return shall be recognized until three (3) days after Escrow Agent shall have mailed copies of demand to all other parties at the respective addresses shown in these escrow instructions, and if any objections are raised within the three (3) day period, Escrow Agent is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual instructions. If no demands are made, Escrow Agent shall proceed with closing of this escrow on or before December 31, 2019.
- 7.6 Escrow Agent Responsibility. The responsibility of the Escrow Agent under this Agreement is expressly limited to Paragraphs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 18, 19, 26, and 27 and to its liability under any policy of title insurance issued in regard to this escrow.
8. **Buyer’s Conditions Precedent to Close of Escrow.** The obligation of the Buyer to complete the purchase of the Property is subject to the satisfaction of the following conditions:
- 8.1 Buyer shall have received and approved the Preliminary Title Report and all the exceptions set forth therein. Buyer shall deliver notice of approval or disapproval to Seller within seven (7) calendar days after receipt of the Preliminary Title Report. Failure of Buyer to disapprove the Preliminary Title Report within seven days shall be deemed approval of the Preliminary Title Report.
- 8.2 Seller shall deliver through escrow an executed and recordable Grant Deed sufficient to convey fee title to the Buyer as set forth in Section 5.1.
- 8.3 Seller shall deliver through escrow a duly executed Non-Foreign Transferor Declaration.
- 8.4 Seller shall deliver to Escrow (i) an assignment of leases and rental agreements assigning to Buyer all of the leases and rental agreements for the Property; and (ii) a current rent roll, certified by City as being accurate, including a list of tenant deposits and prepaid and delinquent rents.

- 8.5 Seller shall deliver through escrow such funds and documents as are necessary to comply with Seller's obligations under this Agreement.
- 8.6 Seller is not in default of any of its obligations under the Terms of this Agreement.
- 8.7 Escrow Agent has committed to deliver to Buyer a title insurance policy as required by Section 4 hereof.
9. **Seller's Conditions Precedent to Close of Escrow.** The obligation of Seller to complete the sale of the Property is subject to the satisfaction of the following conditions:
- 9.1 The Buyer is not in default of any of its obligations under the terms of this Agreement.
- 9.2 The Buyer shall have deposited with the Escrow Agent immediately available funds in the amount of the Purchase Price and Settlement Price and the Buyer's costs described herein.
10. **Failure of Conditions Precedent to Closing.** In the event any of the conditions set forth in Sections 8 and 9, above, are not timely satisfied or waived, for any reason other than the default of Buyer or Seller under this Agreement:
- 10.1 This Agreement, the Escrow, and the rights and obligations of Buyer and Seller shall terminate.
- 10.2 In such event, Seller, Buyer, and Escrow Agent shall promptly return all documents and funds which are held by them on the date of said termination to the party who delivered or deposited them hereunder (reduced by, in the case of the party otherwise entitled to such funds, the amount of any cancellation fees required to be paid by such party under Section 11 below).
11. **Cancellation Fees and Expenses.** In the event Escrow terminates because of the notice or failure to satisfy any condition for a reason other than the default of Buyer or Seller under this Agreement, the cancellation charges required to be paid by and to Escrow Agent and the Title Company shall be borne wholly by Seller, and all other charges shall be borne by the party incurring them. In the event Escrow terminates because of the default of Buyer or of Seller, the defaulting party shall be responsible for all cancellation charges required to be paid by and to Escrow Agent and Title Company.
12. **[Reserved].**
13. **Warranties, Representations and Covenants of Seller.** Seller hereby warrants, represents and/or covenants to Buyer that:

- 13.1 Pending Claims. To the best of Seller's knowledge, there are no actions, suits, claims, legal proceedings, or any other proceedings affecting the Property or any portion thereof, at law, or in equity before any court or governmental entity, domestic or foreign.
- 13.2 Encroachments. To the best of Seller's knowledge, there are no encroachments onto the Property by improvements on any adjoining property, nor do any buildings or improvements located on the Property encroach on other properties.
- 13.3 Condition of Property. The property is rented to residential tenants. Prior to the closing of escrow, Seller agrees to operate, maintain, use and repair the Property in substantially the same manner as prior hereto in accordance with Seller's normal course of business (reasonable wear and tear excepted) and not encumber the Property or enter into leases or subleases of the Property (or any portion thereof) that extend beyond the scheduled date of closing, unless any such encumbrance, lease, or sublease is subject to release or termination by Seller on or prior to the scheduled date of closing. Prior to the date of closing, Seller shall maintain and manage the Property at its sole cost and expense, and is entitled to receive and retain any and all rents and lease payments owing or collected from tenants for any period prior to the date of closing. Prior to closing, Seller shall limit all tenants' use of the property to substantially the same manner and type of use undertaken immediately prior to the opening of Escrow.
- 13.4 Seller's Title. Until the close of escrow, Seller shall not do anything which would impair Seller's title to any of the real property.
- 13.5 Conflict with Other Obligation. To the best of Seller's knowledge, neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, covenants, conditions and restriction, or other agreement or instrument to which Seller or Seller's Property may be bound.
- 13.6 Change of Situation. Until the close of escrow, Seller shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of the close of escrow, immediately give written notice of such fact or condition to Buyer.
- 13.7 Authority. Seller is the owner of and has the full right, power, and authority to sell, convey, and transfer the Property to Buyer as provided herein and to carry out Seller's obligations hereunder.
- 13.8 Bankruptcy. Neither Seller nor any related entity is the subject of a bankruptcy proceeding and permission of a bankruptcy court is not necessary for Seller to be able to transfer the Property as provided herein.

- 13.9 Representations and Warranties Survive Close of Escrow. All of the Representations and Warranties of Seller set forth herein shall survive the Close of Escrow.
14. **Warranties, Representations and Covenants of Buyer.** Buyer hereby warrants, represents and/or covenants to Seller that:
- 14.1 Authorization. Buyer represents and warrants that its entry into this Agreement has been duly authorized by all requisite action on the part of Buyer and each person signing this Agreement as or on behalf of Buyer is duly authorized to do so. Buyer further represents that it has full right and authority to enter into this Agreement and consummate the transactions described herein. The execution, consent or acknowledgment of no other person or entity is necessary in order to validate the execution of this Agreement by Buyer or permit the consummation of the transactions described herein.
- 14.2 Conflicting Obligations. Buyer represents and warrants that its entry into this Agreement and the performance of its obligations hereunder does not contravene or constitute breach of any agreement, contract or indenture to which Buyer is a party or by which Buyer or its assets are bound.
- 14.3 Representations and Warranties Survive Close of Escrow. All of the Representations and Warranties of Buyer set forth herein shall survive the Close of Escrow.
15. **Hazardous Waste/Hazardous Substances; "As-Is" Sale.** Buyer is accepting the Property in an "as-is" condition. Buyer shall be responsible for any and all Hazardous Substances or Hazardous Wastes on the Property. As used herein, the terms "Hazardous Substances" and "Hazardous Wastes" shall have the same meaning as under any federal and/or state law or regulation.
16. **Compliance with Environmental Laws.** To the best of Seller's knowledge, the Property complies with all applicable laws and governmental regulations including, without limitation, all applicable federal, state and local laws pertaining to air and water quality, hazardous waste, waste disposal and other environmental matters, including, but not limited to, the Clean Water Act, Clean Air Act, Federal Water Pollution Control Act, Solid Waste Disposal Act, Resource Conservation Recovery Act and Comprehensive Environmental Response, Compensation and Liability Act, and the rules, regulations and ordinances of the City of Garden Grove, the California Department of Health Services, the Regional Water Quality Control Board, the State Water Resources Control Board, and the Environmental Protection Agency. Seller has not received any notices of violation of any such laws and regulations.
17. **Broker's Commission.** Seller warrants and represents that it has not engaged the services of any agent, finder or broker in connection with the transaction which is the subject of this Agreement, and that it is not liable for any real estate commissions, broker's fees or finder's fees which may accrue by means of the sale of the Property. Buyer will be solely responsible and liable for its own broker fees and costs. Seller and Buyer agree to and do hereby defend,

indemnify and hold the other harmless from and against any and all costs, liabilities, losses, damages, claims, causes of action or proceedings which may result from any broker, agent or finder, licensed or otherwise, which it has employed or who may make such claim in connection with the transaction covered by this Agreement.

18. **Waiver, Consent and Remedies.** Each provision of this Agreement to be performed by Buyer and Seller shall be deemed both a covenant and a condition and shall be a material consideration for Seller's and Buyer's performance hereunder, as appropriate, and any breach thereof by Buyer or Seller shall be deemed a material default hereunder. The parties may specifically and expressly waive any portion of this Agreement or any breach thereof through a written amendment signed by both parties, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Except as otherwise specified herein, either party hereto may pursue any one or more of its rights, options or remedies hereunder or may seek damages or specific performance in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.
19. **Attorney's Fees.** In the event any declaratory or other legal or equitable action is instituted between Seller, Buyer and/or Escrow Agent in connection with this Agreement, then as between Buyer and Seller, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorney's fees, and all fees, costs and expenses incurred on any appeal or in collection of any judgment.
20. **Notices.** Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law shall be validly given or made only if in writing and delivered in person to an officer or duly authorized representative of the other party or deposited in the United States mail, duly certified or registered (return receipt requested), postage prepaid, and addressed to the party for whom intended, as follows:

If to Buyer: Investel Garden Resorts LLC
12966 Euclid St., Ste. 300
Garden Grove, CA 92840

If to Seller: City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840
Attention: Real Property Office

Any party may from time to time, by written notice to the other, designate a different address, which shall be substituted for that specified above. If any notice or other document is sent by mail as aforesaid, the same shall be deemed fully delivered and received forty-eight (48) hours after mailing as provided above.

21. **Default.** Failure or delay by either party to perform any covenant, condition or provision of this Agreement within the time provided herein constitutes default under this Agreement. The injured party shall give written notice of default to the party in default, specifying the nature of such default. The defaulting party shall immediately commence to cure such default and shall diligently complete such cure within fifteen (15) days from the date of the notice or such longer period if the nature of the default is such that more than fifteen (15) days is required to cure such default. The injured party shall have the right to terminate this Agreement by written notice to the other party in the event of a default, which is not cured within the time set forth herein.
22. **Entire Agreement.** This Agreement and its exhibits constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understanding of the parties hereto, oral or written, express or implied, are hereby superseded.
23. **Captions.** The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.
24. **Governing Law.** This Agreement and the exhibits attached hereto have been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California.
25. **Severability.** In the event that any term, covenant, condition or provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or against public policy, the remaining provisions shall continue in full force and effect.
26. **Amendments.** No addition to or modification of any provision contained in this Agreement shall be effective unless fully set forth in writing by Buyer and Seller.
27. **Binding Upon Successors.** The terms and conditions, covenants and agreements set forth herein shall apply to and bind the heirs, executors, administrators, assigns and successors of the parties hereof.
28. **Counterparts.** This Agreement may be executed in counterparts, each of which when executed shall, regardless of the date of its execution and delivery, be deemed an original, and all counterparts together shall constitute one and the same instrument.
29. **Legal Advice.** Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their

respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

30. **Cooperation.** Each party agrees to cooperate with the other in the closing of this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year set forth herein above.

“Seller”

“Buyer”

CITY OF GARDEN GROVE

INVESTEL GARDEN RESORTS LLC

By: _____
City Manager

By: _____

Attest:

By: _____

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

APN: 231-491-14

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF GARDEN GROVE, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 6 OF TRACT NO. 2782, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 89, PAGES 24 AND 25 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE WESTERLY 40.10 FEET THEREOF.

**REAL ESTATE PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

**12237 Choisser Rd.
APN 231-491-13**

THIS AGREEMENT ("Agreement") is entered into this ____ day of December, 2019 ("Agreement Date") by and between the City of Garden Grove, a California municipal corporation ("Seller"), and the undersigned buyer Investel Garden Resorts LLC ("Buyer") for acquisition by Buyer of certain real property described below.

IT IS HEREBY MUTUALLY AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. **Agreement to Sell and Purchase.** Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, upon the terms and for the consideration set forth in this Agreement, that certain real property ("Property") situated at **12237 Choisser Road** in the City of Garden Grove, County of Orange, State of California, APN 231-491-13, and legally described in Exhibit "A" attached hereto and incorporated herein by reference.
2. **Purchase Price/Settlement Price.** The total purchase price, payable in cash through escrow, shall be the sum of (\$_____) (the "Purchase Price").
3. **Conveyance of Title.** Seller agrees to convey by Grant Deed to Buyer marketable fee simple title to the Property free and clear of all recorded and unrecorded liens, encumbrances, assessments, easements, leases and taxes EXCEPT:
 - A. Real property taxes for the then current tax year, which are a lien not yet due and payable.
 - B. All title exceptions set forth in the Preliminary Title Report obtained pursuant to Section 4.1 below.
 - C. Easements or rights-of-way over the Property for public or quasi-public utility and/or public street purposes, if any.
4. **Title Report and Title Insurance Policy.**
 - 4.1 **Preliminary Title Report.** Seller agrees to obtain and provide Buyer with a Preliminary Title Report issued by Fidelity National Title Company on the property over, under, across and/or upon which the Property lies, together with legible copies of all documents, whether recorded or unrecorded, evidencing exceptions to title referred to therein within five (5) calendar days of the Agreement Date. Seller agrees to pay all costs of said Preliminary Title Report.
 - 4.2 **Title Insurance Policy.** Escrow Agent shall, following recording of deed to Buyer, provide Buyer with a standard owner's CLTA policy of title insurance in the amount of the Purchase Price, issued by Fidelity National Title Insurance Company, showing

fee simple title to the Property vested in Buyer subject only to the exceptions set forth in Paragraph 3 above and the printed exceptions and stipulations in the policy. Seller agrees to pay the premium charged for the standard owner's CLTA policy.

5. **Escrow.** Seller agrees to open an escrow in accordance with this Agreement at _____ [Name, address] ("Escrow Agent"). This Agreement constitutes the joint escrow instructions of Buyer and Seller, and Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties hereto agree to do all acts necessary to close this escrow in the shortest possible time.

5.1 **Grant Deed.** Seller shall execute and deliver a Grant Deed (the "Grant Deed") to the Escrow Agent at least three (3) days prior to the close of escrow. Buyer agrees to deposit the Purchase Price/Settlement Price as described in Section 2 above upon demand of Escrow Agent. Buyer and Seller agree to deposit with Escrow Agent any additional instruments or funds as may be necessary to complete this transaction.

5.2 **Insurance.** Insurance policies for fire or casualty are not to be transferred, and Seller will cancel its own policies after close of escrow.

5.3 **Escrow Account.** All funds received in this escrow shall be deposited with other escrow funds in a general insured escrow account(s) and may be transferred to any other escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check or by wire from the account.

6. **Tax Adjustment Procedure.**

ESCROW AGENT IS AUTHORIZED AND IS INSTRUCTED TO COMPLY WITH THE FOLLOWING TAX ADJUSTMENT PROCEDURE:

6.1 **Delinquent Taxes.** Pay and charge Seller for any unpaid delinquent property taxes and/or penalties and interest thereon, and for any delinquent assessments or bonds against the Property.

6.2 **Proration.** Taxes and/or assessments shall be pro-rated as of the date of the close of escrow.

7. **Escrow Agent Authorization.**

ESCROW AGENT IS AUTHORIZED TO, AND SHALL:

7.1 **Escrow Fees, Charges and Costs.** Seller agrees to pay all of the usual fees, charges and costs which arise in this escrow.

7.2 **Disbursement.** Disburse funds and deliver the Grant Deed when conditions of this escrow have been fulfilled by Buyer and Seller.

- 7.3 Close of Escrow. The term “close of escrow,” if and where written in these instructions, shall mean the date the Grant Deed and other necessary instruments of conveyance are recorded in the office of the Orange County Recorder. Recordation of instruments delivered through this escrow is authorized, if necessary or proper in the issuance of the policy of title insurance.
- 7.4 Time Limits. All time limits within which any matter specified is to be performed may be extended by mutual agreement of the parties. Any amendment of, or supplement to, any instructions must be in writing.
- 7.5 Time of the Essence. **TIME IS OF THE ESSENCE IN THESE INSTRUCTIONS AND ESCROW IS TO CLOSE AS SOON AS POSSIBLE.** If this escrow is not in condition to close by December 31, 2019, any party who then shall have fully complied with its instructions may, in writing, demand the return of its money or property; but if neither party complied, no demand for return shall be recognized until three (3) days after Escrow Agent shall have mailed copies of demand to all other parties at the respective addresses shown in these escrow instructions, and if any objections are raised within the three (3) day period, Escrow Agent is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual instructions. If no demands are made, Escrow Agent shall proceed with closing of this escrow on or before December 31, 2019.
- 7.6 Escrow Agent Responsibility. The responsibility of the Escrow Agent under this Agreement is expressly limited to Paragraphs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 18, 19, 26, and 27 and to its liability under any policy of title insurance issued in regard to this escrow.
8. **Buyer’s Conditions Precedent to Close of Escrow.** The obligation of the Buyer to complete the purchase of the Property is subject to the satisfaction of the following conditions:
- 8.1 Buyer shall have received and approved the Preliminary Title Report and all the exceptions set forth therein. Buyer shall deliver notice of approval or disapproval to Seller within seven (7) calendar days after receipt of the Preliminary Title Report. Failure of Buyer to disapprove the Preliminary Title Report within seven days shall be deemed approval of the Preliminary Title Report.
- 8.2 Seller shall deliver through escrow an executed and recordable Grant Deed sufficient to convey fee title to the Buyer as set forth in Section 5.1.
- 8.3 Seller shall deliver through escrow a duly executed Non-Foreign Transferor Declaration.
- 8.4 Seller shall deliver to Escrow (i) an assignment of leases and rental agreements assigning to Buyer all of the leases and rental agreements for the Property; and (ii) a current rent roll, certified by City as being accurate, including a list of tenant deposits and prepaid and delinquent rents.

- 8.5 Seller shall deliver through escrow such funds and documents as are necessary to comply with Seller's obligations under this Agreement.
- 8.6 Seller is not in default of any of its obligations under the Terms of this Agreement.
- 8.7 Escrow Agent has committed to deliver to Buyer a title insurance policy as required by Section 4 hereof.
9. **Seller's Conditions Precedent to Close of Escrow.** The obligation of Seller to complete the sale of the Property is subject to the satisfaction of the following conditions:
- 9.1 The Buyer is not in default of any of its obligations under the terms of this Agreement.
- 9.2 The Buyer shall have deposited with the Escrow Agent immediately available funds in the amount of the Purchase Price and Settlement Price and the Buyer's costs described herein.
10. **Failure of Conditions Precedent to Closing.** In the event any of the conditions set forth in Sections 8 and 9, above, are not timely satisfied or waived, for any reason other than the default of Buyer or Seller under this Agreement:
- 10.1 This Agreement, the Escrow, and the rights and obligations of Buyer and Seller shall terminate.
- 10.2 In such event, Seller, Buyer, and Escrow Agent shall promptly return all documents and funds which are held by them on the date of said termination to the party who delivered or deposited them hereunder (reduced by, in the case of the party otherwise entitled to such funds, the amount of any cancellation fees required to be paid by such party under Section 11 below).
11. **Cancellation Fees and Expenses.** In the event Escrow terminates because of the notice or failure to satisfy any condition for a reason other than the default of Buyer or Seller under this Agreement, the cancellation charges required to be paid by and to Escrow Agent and the Title Company shall be borne wholly by Seller, and all other charges shall be borne by the party incurring them. In the event Escrow terminates because of the default of Buyer or of Seller, the defaulting party shall be responsible for all cancellation charges required to be paid by and to Escrow Agent and Title Company.
12. **[Reserved].**
13. **Warranties, Representations and Covenants of Seller.** Seller hereby warrants, represents and/or covenants to Buyer that:

- 13.1 Pending Claims. To the best of Seller's knowledge, there are no actions, suits, claims, legal proceedings, or any other proceedings affecting the Property or any portion thereof, at law, or in equity before any court or governmental entity, domestic or foreign.
- 13.2 Encroachments. To the best of Seller's knowledge, there are no encroachments onto the Property by improvements on any adjoining property, nor do any buildings or improvements located on the Property encroach on other properties.
- 13.3 Condition of Property. The property is rented to residential tenants. Prior to the closing of escrow, Seller agrees to operate, maintain, use and repair the Property in substantially the same manner as prior hereto in accordance with Seller's normal course of business (reasonable wear and tear excepted) and not encumber the Property or enter into leases or subleases of the Property (or any portion thereof) that extend beyond the scheduled date of closing, unless any such encumbrance, lease, or sublease is subject to release or termination by Seller on or prior to the scheduled date of closing. Prior to the date of closing, Seller shall maintain and manage the Property at its sole cost and expense, and is entitled to receive and retain any and all rents and lease payments owing or collected from tenants for any period prior to the date of closing. Prior to closing, Seller shall limit all tenants' use of the property to substantially the same manner and type of use undertaken immediately prior to the opening of Escrow.
- 13.4 Seller's Title. Until the close of escrow, Seller shall not do anything which would impair Seller's title to any of the real property.
- 13.5 Conflict with Other Obligation. To the best of Seller's knowledge, neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, covenants, conditions and restriction, or other agreement or instrument to which Seller or Seller's Property may be bound.
- 13.6 Change of Situation. Until the close of escrow, Seller shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of the close of escrow, immediately give written notice of such fact or condition to Buyer.
- 13.7 Authority. Seller is the owner of and has the full right, power, and authority to sell, convey, and transfer the Property to Buyer as provided herein and to carry out Seller's obligations hereunder.
- 13.8 Bankruptcy. Neither Seller nor any related entity is the subject of a bankruptcy proceeding and permission of a bankruptcy court is not necessary for Seller to be able to transfer the Property as provided herein.

- 13.9 Representations and Warranties Survive Close of Escrow. All of the Representations and Warranties of Seller set forth herein shall survive the Close of Escrow.
14. **Warranties, Representations and Covenants of Buyer.** Buyer hereby warrants, represents and/or covenants to Seller that:
- 14.1 Authorization. Buyer represents and warrants that its entry into this Agreement has been duly authorized by all requisite action on the part of Buyer and each person signing this Agreement as or on behalf of Buyer is duly authorized to do so. Buyer further represents that it has full right and authority to enter into this Agreement and consummate the transactions described herein. The execution, consent or acknowledgment of no other person or entity is necessary in order to validate the execution of this Agreement by Buyer or permit the consummation of the transactions described herein.
- 14.2 Conflicting Obligations. Buyer represents and warrants that its entry into this Agreement and the performance of its obligations hereunder does not contravene or constitute breach of any agreement, contract or indenture to which Buyer is a party or by which Buyer or its assets are bound.
- 14.3 Representations and Warranties Survive Close of Escrow. All of the Representations and Warranties of Buyer set forth herein shall survive the Close of Escrow.
15. **Hazardous Waste/Hazardous Substances; "As-Is" Sale.** Buyer is accepting the Property in an "as-is" condition. Buyer shall be responsible for any and all Hazardous Substances or Hazardous Wastes on the Property. As used herein, the terms "Hazardous Substances" and "Hazardous Wastes" shall have the same meaning as under any federal and/or state law or regulation.
16. **Compliance with Environmental Laws.** To the best of Seller's knowledge, the Property complies with all applicable laws and governmental regulations including, without limitation, all applicable federal, state and local laws pertaining to air and water quality, hazardous waste, waste disposal and other environmental matters, including, but not limited to, the Clean Water Act, Clean Air Act, Federal Water Pollution Control Act, Solid Waste Disposal Act, Resource Conservation Recovery Act and Comprehensive Environmental Response, Compensation and Liability Act, and the rules, regulations and ordinances of the City of Garden Grove, the California Department of Health Services, the Regional Water Quality Control Board, the State Water Resources Control Board, and the Environmental Protection Agency. Seller has not received any notices of violation of any such laws and regulations.
17. **Broker's Commission.** Seller warrants and represents that it has not engaged the services of any agent, finder or broker in connection with the transaction which is the subject of this Agreement, and that it is not liable for any real estate commissions, broker's fees or finder's fees which may accrue by means of the sale of the Property. Buyer will be solely responsible and liable for its own broker fees and costs. Seller and Buyer agree to and do hereby defend,

indemnify and hold the other harmless from and against any and all costs, liabilities, losses, damages, claims, causes of action or proceedings which may result from any broker, agent or finder, licensed or otherwise, which it has employed or who may make such claim in connection with the transaction covered by this Agreement.

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19. **Attorney's Fees.** In the event any declaratory or other legal or equitable action is instituted between Seller, Buyer and/or Escrow Agent in connection with this Agreement, then as between Buyer and Seller, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorney's fees, and all fees, costs and expenses incurred on any appeal or in collection of any judgment.
20. **Notices.** Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law shall be validly given or made only if in writing and delivered in person to an officer or duly authorized representative of the other party or deposited in the United States mail, duly certified or registered (return receipt requested), postage prepaid, and addressed to the party for whom intended, as follows:

If to Buyer: Investel Garden Resorts LLC
 12966 Euclid St., Ste. 300
 Garden Grove, CA 92840

If to Seller: City of Garden Grove
 11222 Acacia Parkway
 Garden Grove, CA 92840
 Attention: Real Property Office

Any party may from time to time, by written notice to the other, designate a different address, which shall be substituted for that specified above. If any notice or other document is sent by mail as aforesaid, the same shall be deemed fully delivered and received forty-eight (48) hours after mailing as provided above.

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22. **Entire Agreement.** This Agreement and its exhibits constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understanding of the parties hereto, oral or written, express or implied, are hereby superseded.
23. **Captions.** The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.
24. **Governing Law.** This Agreement and the exhibits attached hereto have been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California.
25. **Severability.** In the event that any term, covenant, condition or provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or against public policy, the remaining provisions shall continue in full force and effect.
26. **Amendments.** No addition to or modification of any provision contained in this Agreement shall be effective unless fully set forth in writing by Buyer and Seller.
27. **Binding Upon Successors.** The terms and conditions, covenants and agreements set forth herein shall apply to and bind the heirs, executors, administrators, assigns and successors of the parties hereof.
28. **Counterparts.** This Agreement may be executed in counterparts, each of which when executed shall, regardless of the date of its execution and delivery, be deemed an original, and all counterparts together shall constitute one and the same instrument.
29. **Legal Advice.** Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their

respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

30. **Cooperation.** Each party agrees to cooperate with the other in the closing of this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year set forth herein above.

“Seller”

“Buyer”

CITY OF GARDEN GROVE

INVESTEL GARDEN RESORTS LLC

By: _____
City Manager

By: _____

Attest:

By: _____

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

APN: 231-491-13

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF GARDEN GROVE, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 7 OF TRACT NO. 2782, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON A MAP RECORDED IN BOOK 89, PAGES 24 AND 25 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE WESTERLY 56.22 FEET THEREOF.

**REAL ESTATE PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

**12239 Choisser Rd.
APN 231-491-12**

THIS AGREEMENT ("Agreement") is entered into this ____ day of December, 2019 ("Agreement Date") by and between the City of Garden Grove, a California municipal corporation ("Seller"), and the undersigned buyer Investel Garden Resorts LLC, ("Buyer") for acquisition by Buyer of certain real property described below.

IT IS HEREBY MUTUALLY AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. **Agreement to Sell and Purchase.** Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, upon the terms and for the consideration set forth in this Agreement, that certain real property ("Property") situated at **12239 Choisser Road** in the City of Garden Grove, County of Orange, State of California, APN 231-491-12, and legally described in Exhibit "A" attached hereto and incorporated herein by reference.
2. **Purchase Price/Settlement Price.** The total purchase price, payable in cash through escrow, shall be the sum of (\$_____) (the "Purchase Price").
3. **Conveyance of Title.** Seller agrees to convey by Grant Deed to Buyer marketable fee simple title to the Property free and clear of all recorded and unrecorded liens, encumbrances, assessments, easements, leases and taxes EXCEPT:
 - A. Real property taxes for the then current tax year, which are a lien not yet due and payable.
 - B. All title exceptions set forth in the Preliminary Title Report obtained pursuant to Section 4.1 below.
 - C. Easements or rights-of-way over the Property for public or quasi-public utility and/or public street purposes, if any.
4. **Title Report and Title Insurance Policy.**
 - 4.1 **Preliminary Title Report.** Seller agrees to obtain and provide Buyer with a Preliminary Title Report issued by Fidelity National Title Company on the property over, under, across and/or upon which the Property lies, together with legible copies of all documents, whether recorded or unrecorded, evidencing exceptions to title referred to therein within five (5) calendar days of the Agreement Date. Seller agrees to pay all costs of said Preliminary Title Report.
 - 4.2 **Title Insurance Policy.** Escrow Agent shall, following recording of deed to Buyer, provide Buyer with a standard owner's CLTA policy of title insurance in the amount

of the Purchase Price, issued by Fidelity National Title Insurance Company, showing fee simple title to the Property vested in Buyer subject only to the exceptions set forth in Paragraph 3 above and the printed exceptions and stipulations in the policy. Seller agrees to pay the premium charged for the standard owner's CLTA policy.

5. **Escrow.** Seller agrees to open an escrow in accordance with this Agreement at _____ [Name, address] ("Escrow Agent"). This Agreement constitutes the joint escrow instructions of Buyer and Seller, and Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. The parties hereto agree to do all acts necessary to close this escrow in the shortest possible time.

5.1 **Grant Deed.** Seller shall execute and deliver a Grant Deed (the "Grant Deed") to the Escrow Agent at least three (3) days prior to the close of escrow. Buyer agrees to deposit the Purchase Price/Settlement Price as described in Section 2 above upon demand of Escrow Agent. Buyer and Seller agree to deposit with Escrow Agent any additional instruments or funds as may be necessary to complete this transaction.

5.2 **Insurance.** Insurance policies for fire or casualty are not to be transferred, and Seller will cancel its own policies after close of escrow.

5.3 **Escrow Account.** All funds received in this escrow shall be deposited with other escrow funds in a general insured escrow account(s) and may be transferred to any other escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check or by wire from the account.

6. **Tax Adjustment Procedure.**

ESCROW AGENT IS AUTHORIZED AND IS INSTRUCTED TO COMPLY WITH THE FOLLOWING TAX ADJUSTMENT PROCEDURE:

6.1 **Delinquent Taxes.** Pay and charge Seller for any unpaid delinquent property taxes and/or penalties and interest thereon, and for any delinquent assessments or bonds against the Property.

6.2 **Proration.** Taxes and/or assessments shall be pro-rated as of the date of the close of escrow.

7. **Escrow Agent Authorization.**

ESCROW AGENT IS AUTHORIZED TO, AND SHALL:

7.1 **Escrow Fees, Charges and Costs.** Seller agrees to pay all of the usual fees, charges and costs which arise in this escrow.

7.2 **Disbursement.** Disburse funds and deliver the Grant Deed when conditions of this escrow have been fulfilled by Buyer and Seller.

- 7.3 Close of Escrow. The term “close of escrow,” if and where written in these instructions, shall mean the date the Grant Deed and other necessary instruments of conveyance are recorded in the office of the Orange County Recorder. Recordation of instruments delivered through this escrow is authorized, if necessary or proper in the issuance of the policy of title insurance.
- 7.4 Time Limits. All time limits within which any matter specified is to be performed may be extended by mutual agreement of the parties. Any amendment of, or supplement to, any instructions must be in writing.
- 7.5 Time of the Essence. **TIME IS OF THE ESSENCE IN THESE INSTRUCTIONS AND ESCROW IS TO CLOSE AS SOON AS POSSIBLE.** If this escrow is not in condition to close by December 31, 2019, any party who then shall have fully complied with its instructions may, in writing, demand the return of its money or property; but if neither party complied, no demand for return shall be recognized until three (3) days after Escrow Agent shall have mailed copies of demand to all other parties at the respective addresses shown in these escrow instructions, and if any objections are raised within the three (3) day period, Escrow Agent is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual instructions. If no demands are made, Escrow Agent shall proceed with closing of this escrow on or before December 31, 2019.
- 7.6 Escrow Agent Responsibility. The responsibility of the Escrow Agent under this Agreement is expressly limited to Paragraphs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 18, 19, 26, and 27 and to its liability under any policy of title insurance issued in regard to this escrow.
8. **Buyer's Conditions Precedent to Close of Escrow.** The obligation of the Buyer to complete the purchase of the Property is subject to the satisfaction of the following conditions:
- 8.1 Buyer shall have received and approved the Preliminary Title Report and all the exceptions set forth therein. Buyer shall deliver notice of approval or disapproval to Seller within seven (7) calendar days after receipt of the Preliminary Title Report. Failure of Buyer to disapprove the Preliminary Title Report within seven days shall be deemed approval of the Preliminary Title Report.
- 8.2 Seller shall deliver through escrow an executed and recordable Grant Deed sufficient to convey fee title to the Buyer as set forth in Section 5.1.
- 8.3 Seller shall deliver through escrow a duly executed Non-Foreign Transferor Declaration.
- 8.4 Seller shall deliver through escrow such funds and documents as are necessary to comply with Seller's obligations under this Agreement.

- 8.5 Seller is not in default of any of its obligations under the Terms of this Agreement.
- 8.6 Escrow Agent has committed to deliver to Buyer a title insurance policy as required by Section 4 hereof.
9. **Seller's Conditions Precedent to Close of Escrow.** The obligation of Seller to complete the sale of the Property is subject to the satisfaction of the following conditions:
- 9.1 The Buyer is not in default of any of its obligations under the terms of this Agreement.
- 9.2 The Buyer shall have deposited with the Escrow Agent immediately available funds in the amount of the Purchase Price and Settlement Price and the Buyer's costs described herein.
10. **Failure of Conditions Precedent to Closing.** In the event any of the conditions set forth in Sections 8 and 9, above, are not timely satisfied or waived, for any reason other than the default of Buyer or Seller under this Agreement:
- 10.1 This Agreement, the Escrow, and the rights and obligations of Buyer and Seller shall terminate.
- 10.2 In such event, Seller, Buyer, and Escrow Agent shall promptly return all documents and funds which are held by them on the date of said termination to the party who delivered or deposited them hereunder (reduced by, in the case of the party otherwise entitled to such funds, the amount of any cancellation fees required to be paid by such party under Section 11 below).
11. **Cancellation Fees and Expenses.** In the event Escrow terminates because of the notice or failure to satisfy any condition for a reason other than the default of Buyer or Seller under this Agreement, the cancellation charges required to be paid by and to Escrow Agent and the Title Company shall be borne wholly by Seller, and all other charges shall be borne by the party incurring them. In the event Escrow terminates because of the default of Buyer or of Seller, the defaulting party shall be responsible for all cancellation charges required to be paid by and to Escrow Agent and Title Company.
12. **Permission to Enter on Premises.** Seller hereby grants to Buyer, or its authorized agents, permission to enter upon the Property at all reasonable times prior to close of escrow for the purpose of making any inspections deemed necessary at the discretion of the Buyer.
13. **Warranties, Representations and Covenants of Seller.** Seller hereby warrants, represents and/or covenants to Buyer that:
- 13.1 **Pending Claims.** To the best of Seller's knowledge, there are no actions, suits, claims, legal proceedings, or any other proceedings affecting the Property or any

portion thereof, at law, or in equity before any court or governmental entity, domestic or foreign.

- 13.2 Encroachments. To the best of Seller's knowledge, there are no encroachments onto the Property by improvements on any adjoining property, nor do any buildings or improvements located on the Property encroach on other properties.
- 13.3 Condition of Property. The property is a vacant lot.
- 13.4 Seller's Title. Until the close of escrow, Seller shall not do anything which would impair Seller's title to any of the real property.
- 13.5 Conflict with Other Obligation. To the best of Seller's knowledge, neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, covenants, conditions and restriction, or other agreement or instrument to which Seller or Seller's Property may be bound.
- 13.6 Change of Situation. Until the close of escrow, Seller shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of the close of escrow, immediately give written notice of such fact or condition to Buyer.
- 13.7 Authority. Seller is the owner of and has the full right, power, and authority to sell, convey, and transfer the Property to Buyer as provided herein and to carry out Seller's obligations hereunder.
- 13.8 Bankruptcy. Neither Seller nor any related entity is the subject of a bankruptcy proceeding and permission of a bankruptcy court is not necessary for Seller to be able to transfer the Property as provided herein.
- 13.9 Representations and Warranties Survive Close of Escrow. All of the Representations and Warranties of Seller set forth herein shall survive the Close of Escrow.
- 14. **Warranties, Representations and Covenants of Buyer.** Buyer hereby warrants, represents and/or covenants to Seller that:
 - 14.1 Authorization. Buyer represents and warrants that its entry into this Agreement has been duly authorized by all requisite action on the part of Buyer and each person signing this Agreement as or on behalf of Buyer is duly authorized to do so. Buyer further represents that it has full right and authority to enter into this Agreement and consummate the transactions described herein. The execution, consent or acknowledgment of no other person or entity is necessary in order to validate the execution of this Agreement by Buyer or permit the consummation of the transactions described herein.

- 14.2 Conflicting Obligations. Buyer represents and warrants that its entry into this Agreement and the performance of its obligations hereunder does not contravene or constitute breach of any agreement, contract or indenture to which Buyer is a party or by which Buyer or its assets are bound.
- 14.3 Representations and Warranties Survive Close of Escrow. All of the Representations and Warranties of Buyer set forth herein shall survive the Close of Escrow.
15. Hazardous Waste/Hazardous Substances; "As-Is" Sale. Buyer is accepting the Property in an "as-is" condition. Buyer shall be responsible for any and all Hazardous Substances or Hazardous Wastes on the Property. As used herein, the terms "Hazardous Substances" and "Hazardous Wastes" shall have the same meaning as under any federal and/or state law or regulation.
16. Compliance with Environmental Laws. To the best of Seller's knowledge, the Property complies with all applicable laws and governmental regulations including, without limitation, all applicable federal, state and local laws pertaining to air and water quality, hazardous waste, waste disposal and other environmental matters, including, but not limited to, the Clean Water Act, Clean Air Act, Federal Water Pollution Control Act, Solid Waste Disposal Act, Resource Conservation Recovery Act and Comprehensive Environmental Response, Compensation and Liability Act, and the rules, regulations and ordinances of the City of Garden Grove, the California Department of Health Services, the Regional Water Quality Control Board, the State Water Resources Control Board, and the Environmental Protection Agency. Seller has not received any notices of violation of any such laws and regulations.
17. Broker's Commission. Seller warrants and represents that it has not engaged the services of any agent, finder or broker in connection with the transaction which is the subject of this Agreement, and that it is not liable for any real estate commissions, broker's fees or finder's fees which may accrue by means of the sale of the Property. Buyer will be solely responsible and liable for its own broker fees and costs. Seller and Buyer agree to and do hereby defend, indemnify and hold the other harmless from and against any and all costs, liabilities, losses, damages, claims, causes of action or proceedings which may result from any broker, agent or finder, licensed or otherwise, which it has employed or who may make such claim in connection with the transaction covered by this Agreement.
18. Waiver, Consent and Remedies. Each provision of this Agreement to be performed by Buyer and Seller shall be deemed both a covenant and a condition and shall be a material consideration for Seller's and Buyer's performance hereunder, as appropriate, and any breach thereof by Buyer or Seller shall be deemed a material default hereunder. The parties may specifically and expressly waive any portion of this Agreement or any breach thereof through a written amendment signed by both parties, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or

waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Except as otherwise specified herein, either party hereto may pursue any one or more of its rights, options or remedies hereunder or may seek damages or specific performance in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.

19. **Attorney's Fees.** In the event any declaratory or other legal or equitable action is instituted between Seller, Buyer and/or Escrow Agent in connection with this Agreement, then as between Buyer and Seller, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorney's fees, and all fees, costs and expenses incurred on any appeal or in collection of any judgment.
20. **Notices.** Any notice, request, demand, consent, approval or other communication required or permitted hereunder or by law shall be validly given or made only if in writing and delivered in person to an officer or duly authorized representative of the other party or deposited in the United States mail, duly certified or registered (return receipt requested), postage prepaid, and addressed to the party for whom intended, as follows:

If to Buyer: Investel Garden Resorts LLC
 12966 Euclid St. Ste. 300
 Garden Grove, CA 92840

If to Seller: City of Garden Grove
 11222 Acacia Parkway
 Garden Grove, CA 92840
 Attention: Real Property Office

Any party may from time to time, by written notice to the other, designate a different address, which shall be substituted for that specified above. If any notice or other document is sent by mail as aforesaid, the same shall be deemed fully delivered and received forty-eight (48) hours after mailing as provided above.

21. **Default.** Failure or delay by either party to perform any covenant, condition or provision of this Agreement within the time provided herein constitutes default under this Agreement. The injured party shall give written notice of default to the party in default, specifying the nature of such default. The defaulting party shall immediately commence to cure such default and shall diligently complete such cure within fifteen (15) days from the date of the notice or such longer period if the nature of the default is such that more than fifteen (15) days is required to cure such default. The injured party shall have the right to terminate this Agreement by written notice to the other party in the event of a default, which is not cured within the time set forth herein.

22. **Entire Agreement.** This Agreement and its exhibits constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions thereof. All prior agreements, representations, negotiations and understanding of the parties hereto, oral or written, express or implied, are hereby superseded.
23. **Captions.** The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.
24. **Governing Law.** This Agreement and the exhibits attached hereto have been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California.
25. **Severability.** In the event that any term, covenant, condition or provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or against public policy, the remaining provisions shall continue in full force and effect.
26. **Amendments.** No addition to or modification of any provision contained in this Agreement shall be effective unless fully set forth in writing by Buyer and Seller.
27. **Binding Upon Successors.** The terms and conditions, covenants and agreements set forth herein shall apply to and bind the heirs, executors, administrators, assigns and successors of the parties hereof.
28. **Counterparts.** This Agreement may be executed in counterparts, each of which when executed shall, regardless of the date of its execution and delivery, be deemed an original, and all counterparts together shall constitute one and the same instrument.
29. **Legal Advice.** Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.
30. **Cooperation.** Each party agrees to cooperate with the other in the closing of this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year set forth herein above.

“Seller”

CITY OF GARDEN GROVE

By: _____
City Manager

Attest:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

“Buyer”

INVESTEL GARDEN RESORTS LLC

By: _____

By: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

APN: 231-491-12

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF GARDEN GROVE, IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

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