



# CITY OF MENDOTA

*"Cantaloupe Center Of The World"*

ROBERT SILVA  
Mayor  
ROLANDO CASTRO  
Mayor Pro Tem  
VICTOR MARTINEZ  
JESSE MENDOZA  
OSCAR ROSALES

**AGENDA**  
**MENDOTA CITY COUNCIL**  
Regular City Council Meeting  
**CITY COUNCIL CHAMBERS**  
643 QUINCE STREET  
October 22, 2019  
6:00 PM

CRISTIAN GONZALEZ  
City Manager  
JOHN KINSEY  
City Attorney

The Mendota City Council welcomes you to its meetings, which are scheduled for the 2nd and 4th Tuesday of every month. Your interest and participation are encouraged and appreciated. Notice is hereby given that Council may discuss and/or take action on any or all of the items listed on this agenda. **Please turn your cell phones on vibrate/off while in the council chambers.**

Any public writings distributed by the City of Mendota to at least a majority of the City Council regarding any item on this regular meeting agenda will be made available at the front counter at City Hall located at 643 Quince Street Mendota, CA 93640, during normal business hours, 8 AM - 5 PM.

In compliance with the Americans with Disabilities Act, those requiring special assistance to participate at this meeting please contact the City Clerk at (559) 655-3291. Notification of at least forty-eight hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility to the meeting.

## **CALL TO ORDER**

## **ROLL CALL**

## **FLAG SALUTE**

## **FINALIZE THE AGENDA**

1. Adjustments to Agenda
2. Adoption of final Agenda

## **CITIZENS ORAL AND WRITTEN PRESENTATIONS**

At this time members of the public may address the City Council on any matter not listed on the agenda involving matters within the jurisdiction of the City Council. Please complete a "request to speak" form and limit your comments to THREE (3) MINUTES. Please give the completed form to City Clerk prior to the start of the meeting. All speakers shall observe proper decorum. The Mendota Municipal Code prohibits the use of boisterous, slanderous, or profane language. All speakers must step to the podium, state their names and addresses for the record. Please watch the time.

## **APPROVAL OF MINUTES AND NOTICE OF WAIVING OF READING**

1. Minutes of the regular City Council meeting of October 8, 2019.
2. Notice of waiving of the reading of all resolutions and/or ordinances introduced and/or adopted under this agenda.

## PRESENTATION

1. Dustin Moore with the Axiom Group to present information on their proposed project.

## CONSENT CALENDAR

Matters listed under the Consent Calendar are considered to be routine and will be enacted by one motion and one vote. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Calendar and will be considered separately.

1. OCTOBER 08, 2019 THROUGH OCTOBER 16, 2019  
WARRANT LIST CHECKS NO. 45949 THROUGH 46009  
TOTAL FOR COUNCIL APPROVAL = \$339,295.01
2. Proposed adoption of **Resolution No. 19-76**, cancelling the December 24<sup>th</sup> regularly scheduled City Council meeting.
3. Proposed adoption of **Resolution No. 19-77**, accepting bids for surplus property valued at over \$100.00 and authorizing the City Manager to dispose of all remaining surplus.
4. Proposed adoption of **Resolution No. 19-78**, accepting and filing the Annual Report for the Community Facilities District No. 2006-1 for Fiscal Year 2019/2020, and authorizing the placement of special assessments/direct charges on the tax roll.

## BUSINESS

1. Council discussion and consideration on the holiday décor selections.
  - a. *Receive report from Finance Officer Diaz*
  - b. *Inquiries from Council to staff*
  - c. *Mayor opens floor to receive any comment from the public*
  - d. *Council provide direction to staff on how to proceed*
2. Council discussion and consideration of **Resolution No. 19-79**, approving the execution of Purchase and Sale Agreement with Valley Agricultural Holdings, LLC (aka Axiom Group).
  - a. *Receive report from Deputy City Attorney Cardella*
  - b. *Inquiries from Council to staff*
  - c. *Mayor opens floor to receive any comment from the public*
  - d. *Council provide any input and adopt Resolution No. 19-79*

3. Council discussion and consideration of **Resolution No. 19-80**, approving the execution of Agreement to Prepare an Environmental Document with Wood Environment & Infrastructure Solutions, Inc.
  - a. *Receive report from Deputy City Attorney Cardella*
  - b. *Inquiries from Council to staff*
  - c. *Mayor opens floor to receive any comment from the public*
  - d. *Council provide any input and adopt Resolution No. 19-80*
  
4. Council discussion and consideration of request from the Department of Finance for the City to become the successor agency to the former Mendota Redevelopment Agency or to make a loan to the Mendota Designated Local Authority.
  - a. *Receive report from Deputy City Attorney Cardella*
  - b. *Inquiries from Council to staff*
  - c. *Mayor opens floor to receive any comment from the public*
  - d. *Council provide direction to staff on how to proceed*

**DEPARTMENT REPORTS AND INFORMATIONAL ITEMS**

1. Finance Officer
  - a) Grant Update
  
2. City Attorney
  - a) Update
  
3. City Manager

**MAYOR AND COUNCIL REPORTS AND INFORMATIONAL ITEMS**

1. Council Member(s)
  
2. Mayor


**CLOSED SESSION**

1. PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
CA Government Code § 54957(b)  
Title: City Manager

**ADJOURNMENT**

## CERTIFICATION OF POSTING

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby declare that the foregoing agenda for the Mendota City Council Regular Meeting of October 22, 2019, was posted on the outside bulletin board located at City Hall, 643 Quince Street on Friday, October 18, 2019 at 3:45 p.m.



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Celeste Cabrera-Garcia, City Clerk



## MINUTES OF MENDOTA REGULAR CITY COUNCIL MEETING

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**Regular Meeting**

**October 8, 2019**

**Meeting called to order by Mayor Silva at 6:00 p.m.**

### **Roll Call**

**Council Members Present:** Mayor Robert Silva, Mayor Pro Tem Rolando Castro, Councilors Victor Martinez and Jesus Mendoza

**Council Members Absent:** Councilor Oscar Rosales

**Flag salute led by Councilor Mendoza**

### **FINALIZE THE AGENDA**

1. Adjustments to Agenda.
2. Adoption of final Agenda.

A motion was made by Councilor Mendoza to adopt the agenda, seconded by Councilor Martinez; unanimously approved (4 ayes, absent: Rosales).

### **PRESENTATIONS**

1. Jared Nimer from the Fresno County Department of Public Works and Planning to present on the Fresno County Community Development 2020-2024 Consolidated Plan.

Mayor Silva introduced the item.

In place of Jared Nimer, Kristi Johnson with the Fresno County Department of Public Works provided an overview of the Fresno County Community Development 2020-2024 Consolidated Plan, including various programs and grants offered through the program.

Shannon Duncan with the Fresno County Department of Social Services provided information on the Emergency Solutions Grants (ESG).

Yvette Quiroga with Fresno County provided information on various housing assistance programs that were previously available to residents in Mendota, as well as the assistance programs that will be available starting July 1, 2020; and requested feedback from the Council regarding the needs of the city for the consolidated plan.

Discussion was held on the need of funding for homeless assistance, road improvements, and the senior center; Fresno County's ESG program; and how particular homeless needs are currently addressed.

Lorena Moreno with the Fresno County Department of Social Services provided information regarding the department's desire to identify the needs of the community; the desire to partner with organizations currently addressing the homelessness issues; and the funding that will be available in 2020 to address homelessness issues.

Discussion was held on the contact information for the housing programs that were discussed; ensuring that there is an increase in outreach so that the individuals who need certain programs connect with various available resources; the need for affordable, low-income single family homes or multi-family apartments; supportive services that homeless individuals may benefit from; the need for mental illness and drug rehabilitation programs in the community; and the need for various infrastructure projects.

**Ofelia Ochoa** - commented on the various programs discussed during the presentation, and inquired on the status of the translation services that will be provided for meetings.

Discussion was held on the opportunity to utilize future Community Development Block Grant (CDBG) funds for recreational activities for disabled children.

### **CITIZENS ORAL AND WRITTEN PRESENTATIONS**

**Kevin Romero** - provided an update on the Mendota High School football team.

**Fresno County Supervisor Brian Pacheco** - stated that he was here to lend his support for the Fresno County employees who presented earlier; that he is glad that the City is rejoining the County's CDBG program; and commented on the issue regarding the Redevelopment Agency and the County's stance on the issue.

Discussion was held on ways that the City may be able to address the issue regarding the Redevelopment Agency; and on the Fresno County Board of Supervisor's decisions regarding the issue.

## **APPROVAL OF MINUTES AND NOTICE OF WAIVING OF READING**

1. Minutes of the regular City Council meeting of September 24, 2019.
2. Notice of waiving of the reading of all resolutions and/or ordinances introduced and/or adopted under this agenda.

A motion was made by Mayor Pro Tem Castro to approve items 1 and 2, seconded by Councilor Mendoza; unanimously approved (4 ayes, absent: Rosales).

## **CONSENT CALENDAR**

1. SEPTEMBER 24, 2019 THROUGH OCTOBER 03, 2019  
WARRANT LIST CHECKS NO. 45883 THROUGH 45948  
TOTAL FOR COUNCIL APPROVAL = \$371,747.18
2. Proposed adoption of **Resolution No. 19-72**, approving the Fresno County Multi-Jurisdictional Local Hazard Mitigation plan dated May 2018.
3. Proposed adoption of **Resolution No. 19-74**, authorizing the City Manager to enter into an agreement with Provost & Pritchard Consulting Group for services related to the annexation at Rojas Pierce Park.

A motion was made by Councilor Martinez to adopt items 1 through 3 of the Consent Calendar, seconded by Mayor Pro Tem Castro; unanimously approved (4 ayes, absent: Rosales).

## **BUSINESS**

1. Council discussion and consideration on the location of flagpoles at Robert Silva Plaza.

Mayor Silva introduced the item and City Manager Gonzalez summarized his report including the various options for the location of the flag poles.

Discussion was held on the various options; and on the installation of artificial grass in the area of one of the options mentioned.

Council consensus was reached to direct staff to proceed with option 1.

2. Council discussion and consideration of **Resolution No. 19-73**, adopting the Mitigated Negative Declaration prepared for the Mendota Community Center Project.

Mayor Silva introduced the item and Assistant City Engineer Osborn summarized his report including the background of the preparation of the mitigated negative declaration.

A motion was made by Councilor Martinez to adopt Resolution No. 19-73, seconded by Mayor Pro Tem Castro; unanimously approved (4 ayes, absent: Rosales).

*At 6:58 p.m. Councilor Martinez left the Council Chambers at and returned at 6:59 p.m.*

3. Council discussion and consideration of Resolution No. 19-75, establishing the application submittal period for applications to enter into a development agreement for commercial cannabis activity.

Mayor Silva introduced the item and City Attorney Kinsey summarized the report including the item being in response to the City Council adopting revisions to the cannabis ordinance; that the City may accept applications for cannabis businesses in the designated zoning area; the item would establish an application period; and the procedures for considering the applications that are submitted.

Discussion was held on the procedures for considering the applications that are submitted; the procedures for previously considering the Request for Proposals for the sale of city property; the make-up of the sub-committee, including the possibility of having a Council Member participate in the sub-committee; the timeframe for establishing the sub-committee; and the timeline for the application process;

A motion was made by Mayor Pro Tem Castro to adopt Resolution No. 19-75, seconded by Councilor Mendoza; unanimously approved (4 ayes, absent: Rosales).

### **PUBLIC HEARING**

1. Public hearing and second reading of **Ordinance No. 19-10**, amending provisions of the Mendota Municipal Code regarding the abatement of abandoned, wrecked, dismantled, and inoperative vehicles.

Mayor Silva introduced the item and City Attorney Kinsey summarized the report including the purpose of the ordinance; working with the Code Enforcement Department and the Police Department on modernizing sections of the Mendota Municipal Code, and this item being one of them.

Discussion was held on the provisions of the ordinance; whether the enforcement of a violation is affected by the vehicle's registration status; and whether the ordinance will permit staff to address such vehicles on private property.

At 7:11 p.m. Mayor Silva opened the hearing to the public and, seeing no one present willing to comment, closed it in that same minute.

A motion was made by Councilor Mendoza to adopt Ordinance No. 19-10, seconded by Councilor Martinez; unanimously approved (4 ayes, absent: Rosales).



## **DEPARTMENT REPORTS AND INFORMATIONAL ITEMS**

1. Animal Control, Code Enforcement, and Police Department
  - a) Monthly Report

Chief of Police Andreotti provided his report for the Animal Control department including the plumbing repairs that were done at the dog pound; a dog trap that was set up at a local store; and the change in schedule for the Community Service Officers.

Discussion was held on whether dogs can be surrendered.

Chief Andreotti provided his report for the Code Enforcement department including the monthly log; and a public nuisance appeal hearing that was held.

Chief Andreotti summarized the report for the Police Department including a personnel update; a significant case in Firebaugh; provided a City Hall vandalism update; and Office of Traffic Safety grant award update.

2. City Attorney
  - a) Update

City Attorney Kinsey stated that Assistant City Attorney Cardella will be providing a presentation on the available options regarding the Redevelopment Agency at the next City Council Meeting.

3. City Manager
  - a) Update on the options related to the Redevelopment Agency

City Manager Gonzalez reported that City Attorney Kinsey and Fresno County Supervisor Pacheco commented on the issue including the County's position on the issue; his stance on the issue; the status of the softball game status; and an upcoming City Hall holiday closure.

## **MAYOR AND COUNCIL REPORTS AND INFORMATIONAL ITEMS**

1. Council Member(s)

Councilor Mendoza commented on the success of the Driver Awareness event.

Discussion was held on the Engie Project.

2. Mayor

*Nothing to report.*

## **ADJOURNMENT**

With no more business to be brought before the Council, a motion for adjournment was made at 7:27 p.m. by Councilor Mendoza, seconded by Mayor Pro Tem Castro; unanimously approved (4 ayes, absent: Rosales).

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Robert Silva, Mayor

ATTEST:

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Celeste Cabrera-Garcia, City Clerk

CITY OF MENDOTA  
CASH DISBURSEMENTS  
10/8/2019 - 10/16/2019  
Check# 45949 - 46009

| Date             | Check # | Amount      | Vendor                            | Department                  | Description  |
|------------------|---------|-------------|-----------------------------------|-----------------------------|--|
| October 8, 2019  | 45949   | \$5,589.52  | AMERITAS GROUP                    | GENERAL                     | DENTAL & VISION INSURANCE FOR NOVEMBER 2019  |
| October 8, 2019  | 45950   | \$2,404.75  | FRESNO COUNTY CLERK               | GENERAL                     | CEQA DOCUMENT - NEGATIVE DECLARATION & CLERK FEES FOR ROJAS PIERCE PARK COMMUNITY CENTER   |
| October 8, 2019  | 45951   | \$2,109.76  | BANKCARD CENTER                   | GENERAL-WATER-SEWER         | CREDIT CARD EXPENSES 8/28/2019 - 9/25/2019 : EARTHWISE BAG CO (PD), PIONEER EQUIPMENT -ROTOR, PIZZA FACTORY & PUPUSERIA (MEETINGS) |
| October 10, 2019 | 45952   | \$1,500.00  | ADMINISTRATIVE SOLUTIONS INC      | GENERAL                     | MEDICAL CHECK RUN 10/8/2019  |
| October 10, 2019 | 45953   | \$515.44    | ROLANDO CASTRO                    | GENERAL                     | PER DIEM & MILEAGE LEAGUE OF CALFORNIA CITIES ANNUAL CONFERENCE 10/16/2019 - 10/18/2019  |
| October 10, 2019 | 45954   | \$1,340.35  | COMCAST                           | GENERAL-WATER-SEWER         | CITYWIDE XFINITY PHONE & INTERNET SERVICES 10/6/2019 - 11/5/2019   |
| October 10, 2019 | 45955   | \$470.77    | COMCAST BUSINESS                  | GENERAL                     | CIRCUIT SERVICES OCTOBER 2019 - FRESNO COUNTY SHERIFF TO MENDOTA POLICE DEPARTMENT   |
| October 10, 2019 | 45956   | \$600.00    | LEAGUE OF CALIFORNIA CITIES       | GENERAL                     | CONFERENCE REGISTRATION FEE V. MARTINEZ 10/16/2019 - 10/18/2019  |
| October 10, 2019 | 45957   | \$514.28    | VICTOR MARTINEZ                   | GENERAL                     | PER DIEM & MILEAGE LEAGUE OF CALFORNIA CITIES ANNUAL CONFERENCE 10/16/2019 - 10/18/2019  |
| October 10, 2019 | 45958   | \$515.44    | JESUS MENDOZA                     | GENERAL                     | PER DIEM & MILEAGE LEAGUE OF CALFORNIA CITIES ANNUAL CONFERENCE 10/16/2019 - 10/18/2019  |
| October 10, 2019 | 45959   | \$515.44    | ROBERT SILVA                      | GENERAL                     | PER DIEM & MILEAGE LEAGUE OF CALFORNIA CITIES ANNUAL CONFERENCE 10/16/2019 - 10/18/2019  |
| October 15, 2019 | 45960   | \$99,297.00 | WESTAMERICA BANK                  | GENERAL                     | PAYROLL TRANSFER 9/30/2019 - 10/13/2019  |
| October 16, 2019 | 45961   | \$5,870.00  | ADMINISTRATIVE SOLUTIONS INC      | GENERAL                     | (6) HRA ADMINISTRATION - OCTOBER 2019 (PD), (26) MONTHLY ADMINISTRATION FEES - OCTOBER 2019, & MEDICAL CHECK RUN                   |
| October 16, 2019 | 45962   | \$83.23     | AG & INDUSTRIAL SUPPLY INC        | GENERAL-WATER-SEWER-STREETS | FORKLIFT - (2.75) HYDRAULIC HOSE & (1) GLOBAL FITTING  |
| October 16, 2019 | 45963   | \$290.35    | AIRGAS USA LLC                    | WATER                       | (7) CARBON DIOXIDE FOOD GRADE IND 20LB ALUMINUM & (1) RENT CYL IND SMALL CARBON DIOXIDE  |
| October 16, 2019 | 45964   | \$2,992.28  | ALERT-O-LITE                      | GENERAL-STREETS             | (40) CONE 18" ORANGE REFLECTIVE W/STENCIL, (25) STRIPING PAINT YELLOW, & (1) STIHL CHAIN SAW 12" BAR                               |
| October 16, 2019 | 45965   | \$25.00     | ALEX AUTO DIAGNOSTICS & SMOG      | GENERAL                     | UNIT #82 - CHECK SUSPENSION & ROTATE TIRES (PD)  |
| October 16, 2019 | 45966   | \$124.71    | APPLIED CONCEPTS INC              | GENERAL                     | (1) BLUE LED LIGHT BAR (PD)  |
| October 16, 2019 | 45967   | \$34.74     | AUTOZONE INC                      | GENERAL                     | (1) 1/4 DR SPIN HANDLE (1) 1/4 TAMPER STAR & UNIT #82 - (1) SILVER STAR CAPSUL BULB (PD)   |
| October 16, 2019 | 45968   | \$810.21    | BSK ASSOCIATES                    | WATER-SEWER                 | (2) GENERAL EDT WEEKLY TREATMENT & DISTRIBUTION & (2) MONTHLY WASTEWATER WW MONTHLY (WEEK 2-5)                                     |
| October 16, 2019 | 45969   | \$2,053.05  | CALIFORNIA STATE LANDS COMMISSION | WATER                       | MOWRY BRIDGE (34.5 HR) PROCESS, PREPERATION, REVIEW, & ISSUANCE OF LEASE AGREEMENT   |
| October 16, 2019 | 45970   | \$1,800.00  | CENTRAL VALLEY SWEEPING LLC       | STREETS                     | (1) MECHANICAL BROOM SWEEP DOWNTOWN WEDNESDAY ROUTE  |
| October 16, 2019 | 45971   | \$35.00     | CENTRAL VALLEY VETERINARY CLINIC  | GENERAL                     | (1) EUTHANASIA 60-100 LBS  |
| October 16, 2019 | 45972   | \$175.00    | COMMUNITY MEDICAL CENTER          | GENERAL                     | AUGUST 2019 LEGAL BLOOD DRAW (PD)  |
| October 16, 2019 | 45973   | \$154.50    | CORELOGIC INFORMATION             | GENERAL-WATER-SEWER         | REALQUEST SERVICES FOR SEPTEMBER 2019  |
| October 16, 2019 | 45974   | \$337.19    | CROWN SERVICES CO                 | GENERAL-SEWER               | (5) TOILET 1XWK & RENT FOR POOL PARK, LINDGREN-LOZANO PARK, WWTP, & POLICE DEPARTMENT  |

CITY OF MENDOTA  
CASH DISBURSEMENTS  
10/8/2019 - 10/16/2019  
Check# 45949 - 46009

|                  |       |             |   |                                    |   |
|------------------|-------|-------------|---|------------------------------------|---|
| October 16, 2019 | 45975 | \$409.00    | DEPARTMENT OF JUSTICE                           | GENERAL                            | (3) FINGERPRINT APPLICATIONS, (2) FINGERPRINT FBI, (1) CHILD ABUSE INDEX CHECK, & (7) BLOOD ALCOHOL ANALYSIS - SEPTEMBER 2019(PD) |
| October 16, 2019 | 45976 | \$57.50     | EPPLER TOWING & RECOVERY                        | STREETS                            | STREET SWEEPER (1) REPLACE CAP & ROTOR - PARTS WARRANTY   |
| October 16, 2019 | 45977 | \$11,666.67 | FIREBAUGH POLICE DEPARTMENT                     | GENERAL                            | POLICE DISPATCH SERVICES  |
| October 16, 2019 | 45978 | \$140.60    | FRESNO COUNTY SHERIFF                           | GENERAL                            | RMS JMS ACCESS FOR SEPTEMBER 2019 (PD)  |
| October 16, 2019 | 45979 | \$1,760.92  | GLASS CENTERS                                   | GENERAL                            | (2) INSULATED/TEMPERED GLASS REPLACEMENTS (CONFERENCE ROOM AND BACK OFFICE)   |
| October 16, 2019 | 45980 | \$2,567.25  | GONZALEZ TOWING, TIRE, AUTO & TRUCK DISMANTLING | WATER-SEWER-STREETS                | CAT GRADER - TOPOFF FLUIDS & BLOW OUT RADIATOR, (5 HR) WELD-BEVEL BLADE BRACKET, JD TRACTOR - REPLACE CRANKSHAFT, 5 GAL FLUID     |
| October 16, 2019 | 45981 | \$97,251.90 | GONZALEZ TRANSPORT INC                          | SEWER                              | DIRT TRANSPORT FOR WASTWATER PLANT EXPANSION (767) LOADS, DUST CONTROL, TRACTOR & SCRAPER SERVICES                                |
| October 16, 2019 | 45982 | \$150.94    | HI-LINE ELECTRIC COMPANY INC                    | GENERAL-WATER-SEWER                | (200) CARRIAGE BOLT (100) DRILLPOINT SCREW WASHERS  |
| October 16, 2019 | 45983 | \$180.00    | INSYARATH, KHAMPOU                              | GENERAL                            | CRIME STATISTICS FOR SEPTEMBER 2019 (PD)  |
| October 16, 2019 | 45984 | \$2,268.56  | SIMPLOT GROWER SOLUTIONS                        | WATER-SEWER                        | (50) GALLON ROUNDUP POWER MAX (60) GALLON TREEVIX   |
| October 16, 2019 | 45985 | \$970.00    | KERWEST NEWSPAPER                               | GENERAL-WATER-SEWER                | (8) NOTICE OF PUBLIC HEARING FOR SURPLUS SALE, (18) NOTICE OF SURPLUS SALE, (9) PUBLIC HEARING RESOLUTION 19-64 SIDEWALK VENDORS  |
| October 16, 2019 | 45986 | \$1,500.00  | LAW & ASSOCIATES INVESTIGATIONS                 | GENERAL                            | (3) LAW ENFORCEMENT BACKGROUND INVESTIGATIONS (PD)  |
| October 16, 2019 | 45987 | \$300.00    | LEXIS NEXIS                                     | GENERAL-WATER-SEWER                | SUBSCRIPTION SERVICES FOR SEPTEMBER 2019  |
| October 16, 2019 | 45988 | \$102.50    | LOS BANOS VETERINARY CLINIC                     | GENERAL                            | (1) EUTHANASIA FATAL PLUS & BIOHAZARD WASTE   |
| October 16, 2019 | 45989 | \$65.00     | MENDOTA SMOG & REPAIR                           | GENERAL                            | UNIT #89 - 2018 FORD - MOTOR OIL CHANGE & TIRE ROTATE (PD)  |
| October 16, 2019 | 45990 | \$56,544.06 | MID VALLEY DISPOSAL INC                         | REFUSE-STREETS                     | SANITATION CONTRACT SERVICES FOR SEPTEMBER 2019 & (3) 40 YARD ROLL OFF BIN (2) 10 YARD ROLL OFF BIN                               |
| October 16, 2019 | 45991 | \$1,310.47  | NORTHSTAR CHEMICAL                              | WATER                              | (640) GALLON SODIUM HYPOCHLORITE 12.5 MILL  |
| October 16, 2019 | 45992 | \$305.45    | AT&T  | GENERAL-WATER-SEWER                | MONTHLY SERVICES 559-266-6456 FOR 9/25/19 - 10/25/19  |
| October 16, 2019 | 45993 | \$366.01    | PONDEROSA PAINT                                 | GENERAL                            | (3) 5 GALLON AQUASET GRAY FOR BELMONT WALL PROJECT  |
| October 16, 2019 | 45994 | \$18,370.00 | PRICE, PAIGE, & COMPANY                         | GENERAL-WATER-SEWER-STREETS-REFUSE | AUDIT CITY'S FINANCIAL STATEMENTS YEAR END 6/30/2019  |
| October 16, 2019 | 45995 | \$1,335.50  | QUINN COMPANY                                   | WATER-SEWER                        | CUMMINS - ANNUAL SERVICES, FILTER, OIL & RUN TEMPERATURE, ONAN - WELL#7 GENERATOR - ANNUAL SERVICES, OIL, FILTER, AND TEST RUN    |
| October 16, 2019 | 45996 | \$1,125.62  | R&B COMPANY                                     | WATER                              | (1) FIBRELYTE LID (1) FIBRELYTE BOX (4) METER BOX PUMP (2) 6X7 1/2 SB CIRCLE REP CLAMP & (2) 6X10 CIRCLE CLAMP                    |
| October 16, 2019 | 45997 | \$123.87    | RED WING BUSINESS ADVANTAGE ACCOUNT             | WATER-SEWER                        | (1) BOOT REPLACEMENT PER MOU  |
| October 16, 2019 | 45998 | \$250.00    | RIGHT NOW PHLEBOTOMY                            | GENERAL                            | (1) BLOOD DRAW CASE# 19-4933, (1) BLOOD DRAW CASE# 19-4926 (PD)   |
| October 16, 2019 | 45999 | \$1,234.52  | ERNEST PACKING SOLUTIONS                        | GENERAL-WATER-SEWER                | JANITORIAL SUPPLIES - (3) BATH TISSUE, (2) CAN LINER, (2) DEGREASER, (2) SEAT COVER, (3) AFFEX BATH TISSUE 500 CT                 |

CITY OF MENDOTA  
 CASH DISBURSEMENTS  
 10/8/2019 - 10/16/2019  
 Check# 45949 - 46009

|                  |       |              |                                |                             |  |
|------------------|-------|--------------|--------------------------------|-----------------------------|--|
| October 16, 2019 | 46000 | \$1,915.67   | SORENSEN MACHINE WORKS         | GENERAL-WATER-SEWER-STREETS | MULTIPLE DEPARTMENT SUPPLIES FOR SEPTEMBER 2019  |
| October 16, 2019 | 46001 | \$331.73     | UNION PACIFIC RAILROAD COMPANY | STREETS                     | PUBLIC ROADWAY ENCROACHMENT NOVEMBER 2019  |
| October 16, 2019 | 46002 | \$1,035.00   | TECH MASTER PEST MANAGEMENT    | GENERAL-WATER-SEWER         | GENERAL PEST CONTROL SERVICES - CITY HALL, DMV, MYR, PUBLIC WORKS YARD, POLICE DEPARTMENT, & SQUIRREL BAIT STATIONS ROJAS PARK |
| October 16, 2019 | 46003 | \$2,040.50   | THE BANK OF NEW YORK MELLON    | SEWER                       | MENDOTA JOINT POWER FINANCING AUTHORITY WASTEWATER REVENUE BOND SERIES 2005 - ADMIN FEE 10/1/19 - 9/30/20                      |
| October 16, 2019 | 46004 | \$1,125.00   | THE BUSINESS JOURNAL           | GENERAL                     | REQUEST FOR BIDS - GRADING & SEEDING ROJAS PIERCE PARK SOCCER FIELD  |
| October 16, 2019 | 46005 | \$272.71     | UNIFIRST CORPORATION           | GENERAL-WATER-SEWER         | JANITORIAL SERVICES - (6) RUGS, (1) WET & DRY MOP, (100) TERRY CLOTHS FOR JULY, AUGUST, & SEPTEMBER 2019                       |
| October 16, 2019 | 46006 | \$536.22     | USA BLUEBOOK                   | WATER                       | (1) CLASS FUSE 600V (10) UL CLASS RK5 FUSE 600V, (4) CLASS RK5 FUSE 600V-200 AMPS  |
| October 16, 2019 | 46007 | \$471.29     | VALLEY PETROLEUM & LIFT INC    | GENERAL-WATER-SEWER-STREETS | (1) VST-EVR 7' HOSE W/ VENTURI REPLACED OLD HOSE   |
| October 16, 2019 | 46008 | \$1,024.54   | VERIZON WIRELESS               | GENERAL-WATER-SEWER         | CITY WIDE CELL PHONE SERVICES 9/7/19 - 10/6/19   |
| October 16, 2019 | 46009 | \$28.00      | VILLAMAR MOTORS & TRANS        | GENERAL                     | UNIT #M82 - (4) TIRE ROTATION REAR TO FRONT (PD)   |
|                  |       | \$339,295.01 |                                |                             |  |

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**AGENDA ITEM – STAFF REPORT**

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**TO:** HONORABLE MAYOR AND COUNCILMEMBERS  
**FROM:** CELESTE CABRERA-GARCIA, CITY CLERK  
**VIA:** CRISTIAN GONZALEZ, CITY MANAGER  
**SUBJECT:** CANCELLATION OF THE DECEMBER 24, 2019 REGULAR CITY COUNCIL MEETING  
**DATE:** OCTOBER 22, 2019

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**ISSUE**

Shall the City Council adopt Resolution No. 19-76, cancelling the December 24, 2019 regular City Council meeting and authorizing the City Manager to execute any necessary warrants?

**BACKGROUND**

Staff is requesting that the City Council cancel the Tuesday, December 24, 2019 regularly scheduled City Council meeting due to the Christmas holiday. This is a practice that has been done at the City of Mendota for many years in order to allow time for the Council and staff to enjoy with family and friends during the holidays.

**ANALYSIS**

The cancellation of the second meeting in December has been the City Council's practice for many years. Aside from the City of Mendota, the cancelling of meetings during the holidays is a common practice followed by other municipalities. This practice is generally due to individuals travelling during these holidays which can result in difficulties in obtaining a quorum at meetings.

In the case that any pressing business was to arise that requires the City Council's action, a special meeting could still be called. Also, the attached resolution will allow the City Manager to approve the necessary warrants for the meeting, which will then be brought to the Council for review and approval at the next regular meeting following the cancelled meeting.

**FISCAL IMPACT**

None

**RECOMMENDATION**

Staff recommends that the City Council adopt Resolution No. 19-76, cancelling the December 24, 2019 regular City Council meeting and authorizing the City Manager to execute any necessary warrants.

**Attachment(s):**

Resolution No. 19-76

**BEFORE THE CITY COUNCIL  
OF THE  
CITY OF MENDOTA, COUNTY OF FRESNO**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MENDOTA CANCELLING  
THE DECEMBER 24, 2019 REGULAR CITY  
COUNCIL MEETING AND AUTHORIZING THE  
CITY MANAGER TO EXECUTE ANY  
NECESSARY WARRANTS**

**RESOLUTION NO. 19-76**

***WHEREAS***, the City of Mendota is dedicated to the business of the welfare and safety of its residents; and

***WHEREAS***, an integral part of that business is the management of assets and the care of those that work for the City, including members of the Council and various commissions of the City and its employees; and

***WHEREAS***, the holidays are a time for all individuals to spend with family and friends, providing a much needed respite.

***NOW, THEREFORE, BE IT RESOLVED***, that the City Council of the City of Mendota approves the cancellation of the December 24<sup>th</sup> regular meeting of the City Council; and

***NOW, THEREFORE, BE IT FURTHER RESOLVED***, that the City Council of the City of Mendota authorizes and directs the City Manager to execute all warrants necessary for the operation of the City during that time.

\_\_\_\_\_  
Robert Silva, Mayor

ATTEST:

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 22<sup>nd</sup> day of October, 2019, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

\_\_\_\_\_  
Celeste Cabrera-Garcia, City Clerk

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**AGENDA ITEM – STAFF REPORT**

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**TO:** HONORABLE MAYOR AND COUNCILMEMBERS  
**FROM:** CELESTE CABRERA-GARCIA, CITY CLERK  
**VIA:** CRISTIAN GONZALEZ, CITY MANAGER  
**SUBJECT:** APPROVAL OF SURPLUS ITEM BIDS AND REPORT OF ITEMS SOLD  
**DATE:** OCTOBER 22, 2019

---

**ISSUE**

Shall the City Council adopt Resolution No. 19-77, accepting bids for surplus property valued at over \$100.00 and authorizing the City Manager to dispose of all remaining surplus property?

**BACKGROUND**

Pursuant to Section 3.20.040 of the Mendota Municipal Code (MMC), staff is presenting the bids received on surplus items valued at more than \$100.00 for the City Council's approval. The list is attached to Resolution No. 19-77 as Exhibit "A" and it provides a description of the item that was up for bid and a list of all the bids that were received for that item from highest to lowest. It is of note that one bid was rejected due to it being for an item that was valued at less than \$100.00, which was sold at the "garage sale" on Friday, October 11<sup>th</sup> at the Public Works Yard.

**ANALYSIS**

With the approval of the attached resolution, the City Council will be giving the City Manager authority to sell the items to their respective highest bidders, moving on to the next highest bidder of an item if the first bid falls through (due to the party no longer being interested or failing to pick up the item within the required 3 days, etc.) and to scrap, discard, or direct-sell any remaining surplus items.

Also attached to this report (pursuant to the abovementioned section in the MMC, labeled "Attachment A") is a list of all of the items valued under \$100.00 that were available for sale, with those that sold in **bold** type. On October 11, 2019, \$107 worth of these items were sold at the Public Works Yard. This list is informational only.

**FISCAL IMPACT**

Depending on the final disposition of each item, there will be a small positive impact to the general fund. \$19,135.00 would be gained from the items valued at \$100 or more if all sales were to go through with their highest bid, plus the \$107.00 that was gained from the sale at the Public Works Yard that took place on October 11, 2019.

**RECOMMENDATION**

Staff recommends that the City Council adopt Resolution No. 19-77, accepting bids for surplus property valued at over \$100.00 and authorizing the City Manager to dispose of all remaining surplus property.



**Attachment(s):**

1. Attachment "A"
2. Resolution No. 19-77
3. Exhibit "A"

## Attachment A

Sold items marked in **bold text**.

## Surplus Property Valued Under \$100.00

| Description of item                                | Model                                | VIN or Serial Number  | Valuation of Item | Sold? If yes, list sell price. |
|--|--------------------------------------|-----------------------|-------------------|--------------------------------|
| Camper shell                                       | N/A                                  | N/A                   | \$80.00           | No                             |
| Office Desk  | N/A                                  | N/A                   | \$25.00           | No                             |
| <b>BBQ pit with wheels</b>                         | <b>N/A</b>                           | <b>N/A</b>            | <b>\$25.00</b>    | <b>Yes</b>                     |
| 4 drawer filing cabinet                            | N/A                                  | N/A                   | \$3.00            | No                             |
| 2 drawer filing cabinet                            | N/A                                  | N/A                   | \$3.00            | No                             |
| <b>HP laptop with charger (no hard drive)</b>      | <b>Pavillion dv7; No. Dv7-2173cl</b> | <b>SN: CNF93168PN</b> | <b>\$15.00</b>    | <b>Yes</b>                     |
| <b>Ground compactor</b>                            | <b>N/A</b>                           | <b>N/A</b>            | <b>\$50.00</b>    | <b>Yes</b>                     |
| Keytronic computer keyboard                        | K2805                                | 94800218              | \$1.00            | No                             |
| <b>Lenovo computer mouse</b>                       | <b>M-00025-O</b>                     | <b>HS243HD12A9</b>    | <b>\$1.00</b>     | <b>Yes</b>                     |
| <b>Newpoint Switcher 2000 Plus</b>                 | <b>No. P50T</b>                      | <b>N/A</b>            | <b>\$2.00</b>     | <b>Yes</b>                     |
| <b>HP silver flat panel speaker bar</b>            | <b>No. SP03A01</b>                   | <b>N/A</b>            | <b>\$1.00</b>     | <b>Yes</b>                     |
| <b>Perma Power computer grade surge suppressor</b> | <b>No. SR10</b>                      | <b>N/A</b>            | <b>\$2.00</b>     | <b>Yes</b>                     |
| <b>HP computer tower (no hard drive)</b>           | <b>dx2450 microtower</b>             | <b>SN: MXL9301VP6</b> | <b>\$10.00</b>    | <b>Yes</b>                     |
| HP computer keyboard                               | No. KU-0316                          | SN: BAUHP0MVB2IL56    | \$1.00            | No                             |
| <b>Lenovo computer mouse</b>                       | <b>No. MO28UOL</b>                   | <b>SN: 44C6975</b>    | <b>\$1.00</b>     | <b>Yes</b>                     |

**BEFORE THE CITY COUNCIL  
OF THE  
CITY OF MENDOTA, COUNTY OF FRESNO**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MENDOTA ACCEPTING  
BIDS FOR SURPLUS PROPERTY VALUED  
AT OVER \$100.00 AND AUTHORIZING THE  
CITY MANAGER TO DISPOSE OF ALL  
REMAINING SURPLUS PROPERTY**

**RESOLUTION NO. 19-77**

**WHEREAS**, Government Code Section 37350 authorizes cities to dispose of real and personal property for the common benefit of the City; and

**WHEREAS**, the City of Mendota has personal property and real property that is no longer in use; and

**WHEREAS**, the Mendota Municipal Code (MMC) Chapter 3.20 establishes the process for the disposition of the City's surplus personal property; and

**WHEREAS**, Government Code Section 37420 *et seq.* establishes a process for the disposition of the City's surplus real property; and

**WHEREAS**, in accordance with the requirements of the MMC, the City Council declared certain City personal property as surplus at the regular meeting of May 8, 2018; and

**WHEREAS**, City staff published all notices and followed all procedures required by state and local law in accordance with the requirements of Government Code Section and 37420 *et seq.* and Chapter 3.20 of the MMC; and

**WHEREAS**, the City received bids for surplus property valued at over \$100 from various bidders until October 11, 2019, with the highest bids listed in an attachment included in and made a part of this resolution as Exhibit "A"; and

**WHEREAS**, Section 3.20.040(B) of the MMC provides for the settling of bids for personal property from highest to lowest offer; and

**WHEREAS**, Section 3.20.040(C) of the MMC provides for the disposal of all other items of personal property which are not successfully and fairly sold by authorizing the City Manager to dispose of them in accordance with that section and as he sees fit, so long as such disposition is otherwise performed in accordance with California law.

***NOW THEREFORE BE IT RESOLVED***, that the City Council of the City of Mendota does hereby authorize the City Manager to settle the bids for personal property in accordance with Section 3.20.040(B) of the Mendota Municipal Code, as specified on Exhibit "A" attached hereto; and

***NOW THEREFORE BE IT FURTHER RESOLVED***, that the City Council of the City of Mendota does authorize the City Manager to dispose of any remaining surplus property that did not result in a successful sale in accordance with the Mendota Municipal Code and California law.

---

Robert Silva, Mayor

ATTEST:

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 22<sup>nd</sup> day of October, 2019, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

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Celeste Cabrera-Garcia, City Clerk

# Exhibit A

**Exhibit A  
2019 Surplus Sale Bid**

| <b>Description of Item</b>  | <b>Name</b>              | <b>Bid</b>        |
|---|--------------------------|-------------------|
| <b>2017 Ram 1500 (wrecked); VIN: 1C6RR7LM3HS878596</b>                  | <b>Lupe Gallardo</b>     | <b>\$5,500.00</b> |
|   | Matias Godinez           | \$3,550.00        |
|   | Rafael Mendoza           | \$2,500.00        |
| <b>1996 Ford F250 (animal control truck); VIN: 2FTHF26H6TCA56774</b>    | <b>Frank Gonzales</b>    | <b>\$105.00</b>   |
|   | David Oliveira           | \$57.00           |
| <b>2003 Ford F150 XL; VIN: 1FTRF17253NA73696</b>                        | <b>No Bids Received</b>  |                   |
| <b>2002 Ford F150 XL; VIN: 1FTRT17252NB26377</b>                        | <b>No Bids Received</b>  |                   |
| <b>2005 Ford Crown Victoria; VIN: 2FAFP71W75X126081</b>                 | <b>No Bids Received</b>  |                   |
| <b>2013 Ford Taurus; VIN: 1FAHP2MT0DG132306</b>                         | <b>Matias Godinez</b>    | <b>\$1,175.00</b> |
|   | Frank Gonzales           | \$105.00          |
| <b>2008 Chevrolet Silverado; VIN: 2GCEK13C981169722</b>                 | <b>Mayra Arellano</b>    | <b>\$2,525.00</b> |
|   | Rafael Mendoza           | \$2,500.00        |
|   | Lupe Gallardo            | \$2,000.00        |
|   | Gerado Segura            | \$1,100.00        |
|   | Moises Magallanes        | \$600.00          |
|   | David Oliveira           | \$568.00          |
|   | Frank Gonzales           | \$500.00          |
|   | Daniel Madrid            | \$350.00          |
|   | Michael Hernandez        | \$105.00          |
| <b>2013 Ford Taurus; VIN: 1FAHP2M83DG158149</b>                         | <b>Matias Godinez</b>    | <b>\$1,175.00</b> |
|   | Rafael Mendoza           | \$1,100.00        |
| <b>Description of Item</b>  | <b>Name</b>              | <b>Bid</b>        |
| <b>2006 Freightliner M2112 (Street Sweeper); VIN: 1FVACXDC06HV91101</b> | <b>Matias Godinez</b>    | <b>\$2,100.00</b> |
|   | Rafael Mendoza           | \$1,000.00        |
| <b>Bryant Air conditioning unit; SN: 582ANW042060AAAG</b>               | <b>No Bids Received</b>  |                   |
| <b>John Deere Backhoe Loader; SN: TO4O39B345604</b>                     | <b>Armando Maravilla</b> | <b>\$5,300.00</b> |
|   | Armando Maravilla        | \$5,023.00        |
|   | Rafael Mendoza           | \$3,500.00        |
|   | Maritza Magallanes       | \$3,500.00        |
|   | Miguel Magallanes        | \$3,000.00        |
|   | Matias Godinez           | \$2,650.00        |
|   | David Oliveira           | \$1,668.00        |
|   | Victor M. Gonzalez       | \$1,100.05        |
|   | Randy Johnson            | \$510.00          |
|   | John Flores              | \$501.00          |
| <b>Flat Trailer</b>   | <b>Frank Gonzales</b>    | <b>\$105.00</b>   |
|   | Rafael Mendoza           | \$100.00          |
|   | John Flores              | \$75.00           |
|   | Randy Johnson            | \$50.00           |
| <b>Vehicle lift</b>   | <b>Armando Lopez</b>     | <b>\$1,000.00</b> |
|   | Randy Johnson            | \$300.00          |
|   | Frank Gonzales           | \$105.00          |
| <b>Privacy fence (14 pieces)</b>  | <b>Matias Godinez</b>    | <b>\$150.00</b>   |
|   | Frank Gonzales           | \$105.00          |
|   | Alice Bautista           | \$101.00          |
|   | John Flores              | \$101.00          |

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**AGENDA ITEM – STAFF REPORT**

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**TO:** HONORABLE MAYOR AND COUNCILMEMBERS  
**FROM:** CELESTE CABRERA-GARCIA, CITY CLERK  
**VIA:** CRISTIAN GONZALEZ, CITY MANAGER  
**SUBJECT:** ACCEPTING AND FILING THE COMMUNITY FACILITIES DISTRICT NO. 2006-1 ANNUAL REPORT FOR FISCAL YEAR 2019/2020 AND AUTHORIZING THE PLACEMENT OF SPECIAL ASSESSMENTS  
**DATE:** OCTOBER 22, 2019

---

**ISSUE**

Shall the City Council adopt Resolution No. 19-78, accepting and filing the Community Facilities District No. 2006-1 Annual Report for Fiscal Year 2019/2020 and authorizing the placement of special assessments?

**BACKGROUND**

Community Facilities District No. 2006-1 (“CFD No. 2006-1”) was formed by the City on November 28, 2006 and includes properties within Las Palmas Tract 5483, which is generally located west of Hwy 33, north of Belmont Avenue, and bordered by Bass Avenue to the north and primarily Rowe Avenue to the east. On August 7, 2019 the boundaries of the district were amended to include Annexation No 1, which represents the residential lots of tract 6218 located south of Bass Avenue, north of Second Street and east of Derrick Avenue.

The qualified electors within CFD No. 2006-1 authorized the City to levy a Special Tax to finance certain services, specifically to pay the costs of providing police and fire services that are in addition to those provided in the territory within the CFD prior to the formation and to pay costs associated with the determination of and levy and collection of the special taxes.

It is the City’s intention to annex new residential developments into CFD No. 2006-1 as they are approved to provide for the services in the new growth areas of the City.

The Annual Report provides certain general and administrative information related to CFD No. 2006-1, including: (I) the Special Tax Levy for Fiscal Year 2019/20, the current Fiscal Year, (II) Background of CFD No. 2006-1, (III) Summary of the projected and actual development within CFD No. 2006-1. The information described above is provided to the City for informational purposes only and is not required by any statute of law.

**ANALYSIS**

The Annual Report also includes information prepared in compliance with the Local Agency Special Tax and Bond Accountability Act (“Accountability Act”). The Accountability Act was enacted by California State Legislature through Senate Bill 165 to provide accountability measures for any local special tax and/or bond measure subject to voter approval on or after

January 1, 2001. According to the requirements of the Accountability Act (Sections 50075.1 and 53410 of the Government Code of the State of California), an annual report must be filed by the local agency levying the special tax and or issuing a bond measure and shall contain a description of the following:

- (1) The amount of funds collected and expended.
- (2) The status of any project required or authorized to be funded by the special tax and/or bond measure.

Section VI. of the Annual Report includes information regarding the amount of annual Special Taxes collected and the authorized expenditures for fiscal year 2018/2019.

In order to be in compliance with the Accountability Act (Sections 50075.1 and 53410 of the Government Code of the State of California), City Council must accept and file the Annual Report Fiscal Year 2019/20 for CFD No. 2006-1, and subsequently authorize the placement of special assessments.

Moreover, the County of Fresno requires each governing body to authorize the placement of special assessments/direct charges on the tax roll via an adopted resolution in order to comply with California law.

**FISCAL IMPACT**

None

**RECOMMENDATION**

Staff recommends that the City Council adopt Resolution No. 19-78, accepting and filing the Community Facilities District No. 2006-1 Annual Report for Fiscal Year 2019/2020 and authorizing the placement of special assessments

**Attachment(s):**

Resolution No. 19-78

Resolution No. 19-78 Exhibit "A"



**BEFORE THE CITY COUNCIL  
OF THE  
CITY OF MENDOTA, COUNTY OF FRESNO**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MENDOTA ACCEPTING  
AND FILING THE ANNUAL REPORT FOR  
THE COMMUNITY FACILITIES DISTRICT NO.  
2006-1 ANNUAL REPORT FOR FISCAL YEAR  
2019/2020 AND AUTHORIZING THE  
PLACEMENT OF SPECIAL ASSESSMENTS**

**RESOLUTION NO. 19-78**

**WHEREAS**, on November 28, 2006, the Community Facilities District No. 2006-1 (“CFD No. 2006-1”) was formed by the City of Mendota (“City”); and

**WHEREAS**, on August 7, 2019 the boundaries of CFD No. 2006-1 were amended to include Annexation No. 1; and

**WHEREAS**, the qualified electors within CFD No. 2006-1 authorized the City to levy a Special Tax to finance certain services, specifically to pay the costs of providing police and fire services that are in addition to those provided in the territory within the CFD prior to the formation and to pay costs associated with the determination of the levy and collection of the Special Taxes; and

**WHEREAS**, pursuant to the Local Agency Special Tax and Bond Accountability Act, Government Code § 500075.1 *et seq.* (“Accountability Act”), an annual report must be filed by the local agency levying a Special Tax and/or issuing a Bond Measure (“Annual Report”), which contains a description of:

- (1) The amount of funds collected and expended.
- (2) The status of any project required or authorized to be funded by the Special Tax and/or Bond Measure; and

**WHEREAS**, the County of Fresno requires each governing body to authorize the placement of special assessments/direct charges on the tax roll in compliance with California law; and

**WHEREAS**, pursuant to and in accordance with the Accountability Act, the City has caused to be prepared an Annual Report, which is attached hereto as Exhibit “A”.

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Mendota accepts and files the Community Facility District No. 2006-1 Annual Report for Fiscal Year 2019/2020; and

**NOW, THEREFORE, BE IT FURTHER RESOLVED**, that the City Council hereby authorizes the placement of special assessments/direct charges on the tax roll for the Community Facilities District No. 2006-1 for Fiscal Year 2018/2019.

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Robert Silva, Mayor

ATTEST:

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 22<sup>nd</sup> day of October, 2019, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

---

Celeste Cabrera-Garcia, City Clerk

# Exhibit A



**CITY OF MENDOTA  
COMMUNITY FACILITIES DISTRICT No. 2006-1  
(POLICE AND FIRE SERVICES)**

**ANNUAL REPORT  
FISCAL YEAR 2019/2020**

**KOPPEL & GRUBER**  
PUBLIC FINANCE

334 VIA VERA CRUZ, SUITE 256  
SAN MARCOS  
CALIFORNIA 92078

T. 760.510.0290  
F. 760.510.0288

## **City of Mendota**

Cristian Gonzalez, City Manager  
Celeste Cabrera, City Clerk  
Rudy Marquez, Finance Director  
Nancy M. Diaz, Finance Administrative Supervisor  
643 Quince Street, Mendota, CA 93640  
T. 559.655.3291  
F. 559.655.4064

## **Special Tax Administrator**

Koppel & Gruber Public Finance  
Lyn Gruber and Doug Floyd  
334 Via Vera Cruz, Suite 256  
San Marcos, California 92078  
T. 760.510.0290  
F. 760.510.0288

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## Attachments

Attachment 1 – Boundary Map

Attachment 2 – Rate & Method of Apportionment

Attachment 3 – Fiscal Year 2019/20 Special Tax Roll

## **INTRODUCTION**

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This Annual Special Tax Report (“Report”) summarizes certain general and administrative information related to Community Facilities District No. 2006-1 (Police and Fire Services) (“CFD No. 2006-1”) of the City of Mendota (“City”). The Report outlines the following for CFD No. 2006-1: (I) Special Tax Levy for Fiscal Year 2019/2020, (II) Background of CFD No. 2006-1, (III) Development Summary, and (IV) Reporting of information in compliance with the Local Agency Special Tax and Bond Accountability Act (SB 165). The Report also includes Attachments referenced by and/or supplementing the information outlined herein. The capitalized terms not defined in the Report are used as defined in the Rate & Method of Apportionment of CFD No. 2006-1 (“RMA”).

## SECTION I. SPECIAL TAX LEVY FOR FY 2019/2020

Section I of the Report contains information for the determination of the Fiscal Year (“FY”) 2019/2020 Special Tax levy.

### A. Special Tax Requirement

The Special Tax Requirement represents the sum of budgeted police and fire protection services and Administrative Expenses of CFD No. 2006-1 in FY 2019/2020. The Special Tax Requirement for FY 2019/2020 is \$425,009.34. The table below shows the calculation used to determine the FY 2019/2020 Special Tax Requirement as well as the FY 2018/2019 amounts for comparison.

| SPECIAL TAX COMPONENTS         | FY 2019/2020 DOLLARS | FY 2018/2019 DOLLARS |
|--------------------------------|----------------------|----------------------|
| Police Services                | \$419,228.78         | \$343,021.24         |
| Fire Services                  | 0.00                 | 0.00                 |
| Administrative Expenses        | \$5,780.56           | \$5,585.48           |
| <b>SPECIAL TAX REQUIREMENT</b> | <b>\$425,009.34</b>  | <b>\$348,606.72</b>  |

### B. Distribution of Special Tax

Special Taxes that CFD No. 2006-1 may levy are limited by the RMA. A copy of the RMA is included as Attachment 2 provided herein. In FY 2019/2020, the Special Tax levy was applied to Four Hundred forty-one (441) dwelling Units of Developed Residential Property at the Maximum Special Tax rate on a per dwelling Unit basis. The calculation for the Special Tax Requirement for FY 2019/2020 is based to the development of property within CFD No. 2006-1 and the Special Tax limitations on such Developed Residential Property as further described in the RMA. The FY 2019/2020 Maximum Special Tax rates, the applied annual Special Tax rates, number of dwelling Units with a levy amount for each land use classification is listed in the table below.

| LAND USE CATEGORY              | NUMBER OF DWELLING UNITS/ ACREAGE | FY 2019/2020 MAXIMUM SPECIAL TAX | FY 2019/2020 APPLIED ANNUAL SPECIAL TAX | PERCENT OF MAXIMUM | FY 2019/2020 LEVY AMOUNT |
|--------------------------------|-----------------------------------|----------------------------------|---|--------------------|--------------------------|
| Developed Residential Property | 441                               | \$963.74 per Unit                | \$963.74 per Unit                       | 100%               | \$425,009.34             |
| <b>TOTAL</b>                   | <b>441</b>                        | <b>NA</b>                        | <b>NA</b>                               | <b>NA</b>          | <b>\$425,009.34</b>      |



### C. Estimated Administrative Expenses

Each year a portion of the Special Tax levy goes to pay the ongoing costs of administration. The estimated FY 2019/2020 Administrative Expenses are shown below followed by a description of each line item. The FY 2018/2019 amounts are also shown for comparison.

| ADMINISTRATIVE EXPENSES                 | FY 2019/2020 DOLLARS | FY 2018/2019 DOLLARS |
|---|----------------------|----------------------|
| City Administrative Fees and Expenses   | \$1,000.00           | \$1,000.00           |
| Consultant Administrative Fees          | 4,610.00             | 4,425.00             |
| County Tax Collection Fees <sup>1</sup> | 70.56                | 60.48                |
| Other Expenses                          | 100.00               | 100.00               |
| <b>TOTAL</b>                            | <b>\$5,780.56</b>    | <b>\$5,585.48</b>    |

<sup>1</sup> Reflects change in County Fee Schedule.

**City Administrative Fees and Expenses** - includes customary out-of-pocket costs associated with the administration of CFD No. 2006-1 including, but not limited to: assessor parcel maps and data, postage, and telephone expenses. Also included are the City’s estimated costs to provide accounting of funds collected by CFD No. 2006-1 and expended for the use of authorized facilities and maintenance costs.

**Consultant Administrative Fees** - include the cost of preparing the Annual Special Tax Report and providing special tax information to the County of Fresno (“County”), attorney fees, and other administrative contractors.

**County Tax Collection Fees** - refer to the County processing fee to levy and collect tax installments on the County property tax bill. The fee is currently equal to \$0.16 per parcel for parcels applied to the tax roll.

**Other Expenses** - include any other contingencies that have been added to protect CFD No. 2006-1 from unanticipated unbudgeted costs.

## SECTION II. BACKGROUND OF CFD No. 2006-1

---

### A. Summary Table of Information

The following table shows information related to the formation of CFD No. 2006-1:

| CFD FORMATION                                |                   |
|--|-------------------|
| Date of Resolution of Intention to Establish | October 24, 2006  |
| Resolution of Intention Number               | 06-39             |
| Date of Resolution of Formation              | November 28, 2006 |
| Resolution of Formation Number               | 06-44             |
| County Fund Number                           | 6109              |
| ANNEXATIONS                                  |                   |
| Annexation No. 1 (Map Recordation)           | July 23, 2019     |

### B. CFD No. 2006-1 Background

The Mello-Roos Community Facilities Act (“Act”) of 1982 came about as a response to the lack of adequate financing for public capital facilities and services in the post-Proposition 13 era. State Legislatures Mello and Roos sponsored this Bill, which was enacted into law by the California Legislature and is now Section 53311 *et. seq.* of the California Government Code. The Act authorizes a local government agency, such as a park district or a city, to form a Community Facilities District (“CFD”) within a defined set of boundaries for the purposes of providing public facilities and services. A CFD is formed for financing purposes only and is governed by the agency that formed it.

The City Council of the City of Mendota established CFD No. 2006-1 on November 28, 2006. The qualified electors within CFD No. 2006-1 authorized the City to levy a Special Tax to finance certain services, specifically to pay the costs of police and fire services within the community facilities district and in the surrounding area, and to pay costs associated with the determination of the amount of and the levy and collection of the special taxes.

### C. Boundaries

CFD No. 2006-1 is located west of Hwy 33, north of Belmont Avenue, and bordered by Bass Avenue to the north and primarily Rowe Avenue to the east.

It is the City’s intention to annex new residential developments into CFD No. 2006-1 as they are approved for police and fire services in the new growth areas of the City. The Future Annexation Area, as described in Resolution No. 06-39 Section 2, shall be comprised of undeveloped parcels within the boundaries of the City, other than those

parcels already within the boundaries of CFD No. 2006-1, which are planned to be developed for private residential purposes and such other parcels as may be added upon the petition of property.

**Annexation No. 1** is described on a map entitled “Amended Map of Boundaries of Community Facilities District No. 2006-1 (Police and Fire Services)”, which is on file and was recorded with the County Recorder in the County of Fresno on August 7, 2019, in Book 45 of Maps of Assessment and Community Facilities Districts, Page 81, Instrument No. 20190088060.

### **SECTION III. DEVELOPMENT SUMMARY**

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CFD No. 2006-1 originally proposed to include 426 single family residences at build out. As of June 1, 2019, building permits had been issued for 426 dwelling Units. The territory within Annexation No. 1 is proposed to develop an additional 85 single family residences of which 15 building permits were issued for FY 2019/2020.

## **SECTION IV. LOCAL AGENCY SPECIAL TAX AND BOND ACCOUNTABILITY ACT COMPLIANCE (SB 165)**

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### **A. Background**

The Local Agency Special Tax and Bond Accountability Act (“Accountability Act”) was enacted by California State Legislature through Senate Bill 165 to provide accountability measures for any local special tax and/or bond measure subject to voter approval on or after January 1, 2001. According to the requirements of the Accountability Act (*Sections 50075.1 and 53410 of the Government Code of the State of California*), an annual report must be filed by the local agency levying a special tax and/or issuing a bond measure on or before each January 1, commencing January 1, 2002 and shall contain a description of the following:

- (1) The amount of funds collected and expended to fund authorized facilities/services for the previous fiscal year.
- (2) The status of any project required or authorized to be funded by the special tax and/or bond measure.

The information contained in this Section has been compiled and is being presented pursuant to and in accordance with the requirements outlined in the Accountability Act for Fiscal Year 2018/2019.

### **B. Authorized Services**

The purpose of CFD No. 2006-1 is to provide for the cost of providing (1) police protection services, (2) fire protection services that are in addition to those provided in the territory within the CFD prior to the formation of CFD No. 2006-1, and (3) incidental expenses related to financing, forming and administering CFD No. 2006-1.

### **C. Collection of Special Taxes & Expenditures**

A separate account is held by the City for the deposit of Special Taxes levied by CFD No. 2006-1 and for the disbursement of authorized expenditures. The following table provides a description of the collection of Special Taxes and the funds disbursed for authorized expenditures for Fiscal Year 2018/2019.

| ITEM  | AMOUNT                |
|---|-----------------------|
| <b>BEGINNING BALANCE AS OF JULY 1, 2018</b> | <b>\$156,322.21</b>   |
| <b><i>Sources of Funds</i></b>              |                       |
| Special Tax Collections                     | \$346,406.77          |
| Interest Earnings                           | \$218.81              |
| <i>Subtotal Sources of Funds</i>            | <i>\$346,625.58</i>   |
| <b><i>Expenditures</i></b>                  |                       |
| Administrative Expenses                     | (\$4,982.41)          |
| Police Services                             | (\$339,239.80)        |
| Fire Services                               | (\$0.00)              |
| <i>Subtotal Expenditures</i>                | <i>(\$344,222.21)</i> |
| <b>ENDING BALANCE AS OF JUNE 30, 2019</b>   | <b>\$158,725.58</b>   |

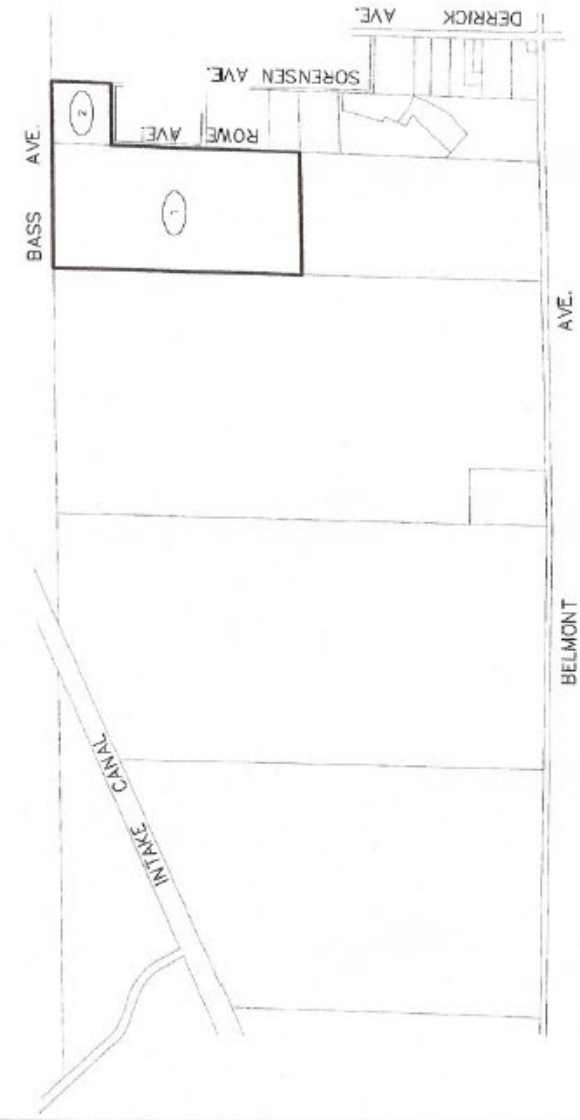
**ATTACHMENT 1**  
**BOUNDARY MAP**

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The following page shows the recorded Boundary Map and Annexation Map.

# MAP OF PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2006-1 (POLICE AND FIRE SERVICES)

CITY OF MENDOTA  
COUNTY OF FRESNO  
STATE OF CALIFORNIA



LEGEND

— OFD BOUNDARY

○ 1 MAP REFERENCE NUMBER

|         |                       |
|---------|-----------------------|
| MAP NO. | ASSESSOR'S PARCEL NO. |
| 1       | 012-1190-40           |
| 2       | 012-1190-41           |

**KOPPEL & GRUBER**  
PUBLIC ENGINEERS

2514 Via Vera Cruz  
Suite 205  
San Marcos, California 92078  
Phone (760) 510-0890 Fax (760) 510-0288

(06-036) OCTOBER 2006

FILED IN THE OFFICE OF THE CITY CLERK THIS 31<sup>st</sup> DAY OF October, 2006  
I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2006-1 (POLICE AND FIRE SERVICES), CITY OF MENDOTA, COUNTY OF FRESNO, STATE OF CALIFORNIA, WAS PREPARED AND SUBMITTED TO THE CITY CLERK AT A REGULAR MEETING HELD ON THE 29<sup>th</sup> DAY OF October, 2006, BY ITS RESOLUTION NO. 06-036.

*Rosendo L. Castro*  
CITY CLERK  
CITY OF MENDOTA

FILED THIS 31<sup>st</sup> DAY OF November, 2006, AT THE HOUR OF 10:30 O'CLOCK A.M. IN THE BOOK 112 OF MAPS OF ASSIGNMENT AND COMMUNITY FACILITIES DISTRICTS, PAGE 29, AND AS INSTRUMENT NO. 06-036-40 IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF FRESNO, STATE OF CALIFORNIA.

*Donita Thimont*  
COUNTY CLERK  
COUNTY OF FRESNO  
STATE OF CALIFORNIA

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE FRESNO COUNTY ASSESSORS MAPS FOR THOSE PARCELS LISTED.  
THE FRESNO COUNTY ASSESSORS MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.



800' 400' 0' 800'  
SCALE: 1" = 800'

AMMENDED MAP OF BOUNDARIES OF  
 COMMUNITY FACILITIES DISTRICT NO. 2006-1  
 (POLICE AND FIRE SERVICES)  
 CITY OF MENDOTA, FRESNO COUNTY, CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING AMENDED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT 2006-1, (POLICE AND FIRE SERVICES), CITY OF MENDOTA, COUNTY OF FRESNO, STATE OF CALIFORNIA, PREVIOUSLY RECORDED ON NOVEMBER 3, 2006, IN BOOK 112 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE 29, DOCUMENT NO. 2006-023487, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF MENDOTA AT A REGULAR MEETING THEREOF, HELD ON THE TWENTY-THIRD DAY OF JULY, 2009, BY ITS RESOLUTION NO. 19-01.

*[Signature]*  
 CITY CLERK  
 CITY OF MENDOTA - CALIFORNIA

THIS MAP SHOWING AMENDED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT 2006-1, (POLICE AND FIRE SERVICES), CITY OF MENDOTA, COUNTY OF FRESNO, STATE OF CALIFORNIA, WAS FILED THIS 17th DAY OF August, 2009 AT THE HOUR OF 1:59 O'CLOCK PM AT BOOK 112, PAGE 29, OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, DOCUMENT NO. 2006-023487 IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF FRESNO, STATE OF CALIFORNIA.

PAUL BOTOS, CEA  
 COUNTY RECORDER OF THE COUNTY OF FRESNO  
 BY: *[Signature]*  
 DEPUTY FROM SET RECORDING FEES PURSUANT TO GOVERNMENT CODE SECTION 27309

THE LINES AND BOUNDARIES OF EACH PARCEL WITHIN THE BOUNDARIES SHOWN ON THIS BOUNDARY MAP SHALL BE THOSE LINES AND BOUNDARIES SHOWN ON THE FRESNO COUNTY ASSESSOR'S MAPS FOR THESE PARCELS WITHIN THE BOUNDARIES. THE FRESNO COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND BOUNDARIES OF SUCH LOTS OR PARCELS.



PREPARED BY  
**PROVOST & PRITCHARD**  
 CONSULTING ENGINEERS  
 An Engineering, Planning & Construction Company  
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 WWW.P&PENGINEERS.COM  
 DATE: 8/17/09  
 SHEET: 1 OF 4

SCALE IN FEET  
 0 100 200 400

LEGEND  
 ——— CITY BOUNDARY  
 ——— CTD BOUNDARY



**ATTACHMENT 2**  
**RATE & METHOD OF APPORTIONMENT**  
**FOR CFD No. 2006-1 (POLICE AND FIRE SERVICES)**

---

**EXHIBIT A**  
**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

**CITY OF MENDOTA**  
**COMMUNITY FACILITIES DISTRICT NO. 2006-1**  
**(POLICE AND FIRE SERVICES)**

A special tax as hereinafter defined shall be levied on and collected for City of Mendota Community Facilities District No. 2006-1 (Police and Fire Services) ("CFD No. 2006-1") each Fiscal Year, commencing in Fiscal Year 2006-2007, in an amount determined by the City Council of the City of Mendota through the application of the appropriate Special Tax for "Developed Residential Property" as described below. All of the real property in CFD No. 2006-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**1. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Act"** means the Mello-Roos Communities Facilities Act of 1982 as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means any actual ordinary and necessary expense of the City of Mendota, or designee thereof or both, to carry out the administration of CFD No. 2006-1 related to the determination of the amount of the levy of the Special Tax, the collection of the Special Tax including the expenses of collecting delinquencies, the payment of a proportional share of salaries and benefits of any City employee whose duties are directly related to the administration of CFD No. 2006-1, fees and expenses for counsel, Special Tax consultant and other consultants hired by the City in relation to CFD No. 2006-1, costs associated with responding to public inquiries regarding CFD No. 2006-1, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2006-1.

**"Annual Escalation Factor"** means for the Special Tax, the greater of (i) two percent (2.00%), or (ii) the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

**"Assessor's Parcel"** means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel number within the boundaries of CFD No. 2006-1.

**"Assessor's Parcel Map"** means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

**"Base Year"** means Fiscal Year ending June 30, 2007.

**"Building Permit"** means a permit for new construction for a residential dwelling Unit. For purposes of this definition, "Building Permit" shall not include permits for construction or

installation of retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“Calendar Year”** means the period commencing January 1 of any year and ending the following December 31.

**“CFD Administrator”** means an official of the City, or designee thereof, responsible for determining the Special Tax Requirements and providing for the levy and collection of the Special Tax.

**“CFD No. 2006-1”** means Community Facilities District No. 2006-1 (Police and Fire Services) established by the City under the Act.

**“City”** means the City of Mendota.

**“City Council”** means the City Council of the City, acting as the Legislative Body of CFD No. 2006-1, or its designee.

**“Consumer Price Index”** means the index published by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Fresno County area.

**“County”** means the County of Fresno.

**“Developed Residential Property”** means all Assessor’s Parcels within CFD No. 2006-1 for which Building Permits were issued for purposes of constructing Single-Family Residential or Multi-Family Residential dwelling Units on or before June 1 preceding the Fiscal Year for which the Special Tax is being levied, and that each such Assessor's Parcel is associated with a Lot within a Final Map, as determined reasonably by the City and/or CFD administrator.

**“Exempt Property”** means all Assessor’s Parcels within CFD No. 2006-1 designated as being exempt from the Special Tax as determined in Section F.

**“Final Map”** means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or the recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

**“Fiscal Year”** means the period commencing on July 1 of any year and ending the following June 30.

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could or has been issued.

**“Maximum Special Tax”** means the Maximum Special Tax determined in accordance with Section C, which can be levied by CFD No. 2006-1 in any Fiscal Year on Developed Residential Property within CFD No. 2006-1.

**“Multi-Family Residential”** means all Assessor’s Parcels for which a Building Permit has been issued for purposes of constructing a residential structure consisting of two or more residential Units that share common walls, including, but not limited to, duplexes, triplexes, town homes, condominiums, and apartment Units.

**“Non-Residential Property”** means all Assessor’s Parcels for which a Building Permit was issued for any type of non-residential use.

**“Public Property”** means any property within the boundaries of CFD No. 2006-1 that is owned by or irrevocably dedicated to the City, the federal government, the State of California, the County, CFD No. 2006-1, or other public agency.

**“Public Services”** means new police and fire services, including but not limited to (i) the costs of contracting services, (ii) related facilities, equipment, vehicles, ambulances, fire apparatus and supplies, (iii) the salaries and benefits of City and non-City staff that directly provide police and fire services, and (iv) City and non-City overhead costs associated with providing such services within CFD No. 2006-1. The Special Tax provides only partial funding for police and fire services.

**“Special Tax”** means any special tax authorized to be levied by CFD No. 2006-1 pursuant to the Act to fund Public Services and Administrative Expenses.

**“Single-Family Residential”** means all Assessor’s Parcels for which a Building Permit has been issued for purposes of constructing one single-family residential dwelling Unit.

**“Tax-Exempt Property”** means an Assessor’s Parcel not subject to the Special Tax as defined under Section F.

**“Undeveloped Property”** means all Assessor’s Parcels within CFD No. 2006-1 for which Building Permits have not been issued and are not classified as Public Property.

**“Unit”** means any separate residential dwelling unit in which a person or persons may live, which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units and is not considered to be for commercial or industrial use.

## **2. LAND USE CLASSIFICATION**

Each Fiscal Year, beginning with Fiscal Year 2006-2007, each Assessor’s Parcel within CFD No. 2006-1 shall be classified as Developed Residential Property or Exempt Property.

## **3. MAXIMUM SPECIAL TAX RATES**

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Residential Property in Fiscal Year 2006-2007 shall be equal to \$660.00 per Unit. For each subsequent Fiscal Year following the Base Year, the Maximum Special Tax shall be adjusted by the Annual Escalation Factor.

#### **4. METHOD OF APPORTIONMENT**

Commencing with Fiscal Year 2006-2007, and for each subsequent Fiscal Year, the CFD Administrator shall calculate the Maximum Special Tax applicable for such Fiscal Year and levy the Maximum Special Tax on all Developed Residential Property.

#### **5. TERM OF SPECIAL TAX**

The Special Tax shall be levied in perpetuity to fund Public Services provided to CFD No. 2006-1.

#### **6. EXEMPTIONS**

The City shall classify as Exempt Property: (i) Public Property, (ii) Non-Residential Property, (iii) Undeveloped Property, (iv) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (v) Assessor's Parcels used exclusively by a homeowners' association, or (vi) Assessor's Parcels with public or utility easements making impractical their utilization for other purposes than those set forth in the easement.

#### **7. APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2006-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made, but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

#### **8. COLLECTION OF SPECIAL TAXES**

Collection of the Annual Special Tax shall be made by the County in the same manner as ordinary ad valorem property taxes are collected and the Annual Special Tax shall be subject to the same penalties and the same lien priority in the case of delinquency as ad valorem taxes; provided, however, that the Council may provide for other means of collecting the Special Tax, including direct billings thereof to the property owners,

**ATTACHMENT 3**  
**FISCAL YEAR 2019/2020**  
**SPECIAL TAX ROLL FOR CFD NO. 2006-1**

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A list of the parcels and CFD No. 2006-1 Special Taxes submitted to the County for FY 2019/2020 is provided in an electronic medium.

| ASSESSOR'S PARCEL NUMBER | APPLIED TAX RATE |
|--------------------------|------------------|
| 012-281-01               | \$963.74         |
| 012-281-02               | \$963.74         |
| 012-281-03               | \$963.74         |
| 012-281-04               | \$963.74         |
| 012-281-05               | \$963.74         |
| 012-281-06               | \$963.74         |
| 012-281-07               | \$963.74         |
| 012-281-08               | \$963.74         |
| 012-281-09               | \$963.74         |
| 012-281-10               | \$963.74         |
| 012-281-11               | \$963.74         |
| 012-281-12               | \$963.74         |
| 012-281-13               | \$963.74         |
| 012-281-14               | \$963.74         |
| 012-281-15               | \$963.74         |
| 012-281-16               | \$963.74         |
| 012-282-01               | \$963.74         |
| 012-282-02               | \$963.74         |
| 012-282-03               | \$963.74         |
| 012-282-04               | \$963.74         |
| 012-282-05               | \$963.74         |
| 012-282-06               | \$963.74         |
| 012-282-07               | \$963.74         |
| 012-282-08               | \$963.74         |
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| 012-282-14               | \$963.74         |
| 012-282-15               | \$963.74         |
| 012-282-16               | \$963.74         |
| 012-283-01               | \$963.74         |
| 012-283-02               | \$963.74         |
| 012-283-03               | \$963.74         |
| 012-283-04               | \$963.74         |
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**\$425,009.34**



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**AGENDA ITEM – STAFF REPORT**

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**TO:** HONORABLE MAYOR AND COUNCILMEMBERS  
**FROM:** NANCY M. DIAZ, FINANCE OFFICER  
**VIA:** CRISTIAN GONZALEZ, CITY MANAGER  
**SUBJECT:** HOLIDAY DÉCOR FOR THE ROBERT SILVA PLAZA & OLLER STREET LIGHT POLES & REVISION OF THE CITY FLAG  
**DATE:** OCTOBER 22, 2019

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**ISSUE**

Should the City Council authorize staff to order holiday décor for the Robert Silva Plaza and Oller Street light poles and revise the City flag?

**BACKGROUND**

During the preparation of the budget for fiscal year 2019-2020, City Council conveyed an interest in a couple of projects to be implemented through the fiscal year 2019-2020. The projects included, holiday décor for the Robert Silva Plaza, adding new ornaments to the display on Oller Street and installation of flagpoles at the Robert Silva Plaza.

**ANALYSIS**

Staff reached out to a couple of companies that would be willing to visit the Robert Silva Plaza site for the assessment of the holiday décor. Sierra Display was the only company willing to travel to our site. The site visit was important to ensure products would fit and what were the capabilities of the site. During our site visit, we narrowed our options to: (2) Christmas Trees, (1) Single Poinsettia Ornament, (2) Premier Bows and (190) ft of Two-Tone Natural Garland. Our intention of the décor was to have a classic and natural appearance. The decorations for the site will have the display appearance for day viewing and evening viewing.

The holiday ornaments displayed on the light poles on Oller Street have a historical sentiment to the community. They have been displayed every year since 1981 by City staff. We plan to add a set every year if the budget allows to phase out the existing ornaments. This year, we plan to add (1) set of Double Poinsettia ornaments to the light poles on Oller Street. The ornaments that the City have today will be refurbished by City staff.

There will be an installation of the (3) flagpoles at the Robert Silva Plaza. This is a great opportunity to display a new City flag which would include our logo. Currently, the Rojas-Pierce Park is the only facility that displays a City flag. However, Staff does not have a digital copy of flag. The vendor we purchase the flag from has the imprint in their system. The flag is very transparent and does have a bold appearance. If there is a revision to the City flag, we will replace the City flag at Rojas-Pierce Park and purchase a new one for the Robert Silva Plaza.

There will be a PowerPoint presented to provide a visual for City Council and staff.

**FISCAL IMPACT**

General Fund. \$13,675.75.

**RECOMMENDATION**

Staff recommends that the City Council authorize staff to order the holiday décor for the Robert Silva Plaza, the light poles for Oller Street, and a revised City flag.

**Attachment(s):**

Sierra Display Quote 9/25/2019



**Sierra Display, Inc.**

4689 West Jennifer Avenue  
 Fresno, CA 93722  
 Telephone: 559-275-8695  
 Fax: 559-276-2238  
[WWW.sierradisplay.com](http://www.sierradisplay.com)

**Price Quotation**

Date September 25, 2019

Account Executive Jennifer Schmidt

**Sold To**

City of Mendota  
 643 Quince Street  
 Mendota, CA 93640

| Quantity                               | Description  | Unit Price | Extension            |                    |
|--|--|------------|----------------------|--------------------|
| <b>Trees</b>                           |  |            |                      |                    |
| 1                                      | SS-404 Self Standing 18 Foot Red Sparkle Tree With 3 Foot Gold Star With 220 LED Lamps | 3510.00    | 3,510.00             |                    |
| 1                                      | SS-402 Self Standing 12 Foot Gold With Trees With 2 Foot Gold Star With 130 LED Lamps  | 2035.00    | 2,035.00             |                    |
| <b>Light Pole Decoration for Plaza</b> |  |            |                      |                    |
| 1                                      | P-230 Single Poinsettia 5' x 5 1/2' 23 lbs. With C-9 LED Lamps                         | 550.00     | 550.00               |                    |
| <b>Oller Street</b>                    |  |            |                      |                    |
| 2                                      | P-233 Double Poinsettia 5 1/2' x 12' With 108 C-9 Lamps 37lbs                          | 1125.00    | 2,250.00             |                    |
| <b>Garland For Fence</b>               |  |            |                      |                    |
| 174                                    | Feet, Montana Ranch Garland with LED lamps   | 11.90      | 2,070.60             |                    |
| <b>Garland For Sign</b>                |  |            |                      |                    |
| 16                                     | Feet, Montana Ranch Garland With LED Lamps   | 11.90      | 190.40               |                    |
| <b>Bows For Sign</b>                   |  |            |                      |                    |
| 2                                      | 24" Commercial Premier Bows, your choice of color                                      | 150.00     | 300.00               |                    |
|  |  |            | Subtotal             | \$10,906.00        |
|  |  |            | Sales Tax 7.975%     | 869.75             |
|  |  |            | Shipping (Estimated) | 1,500.00           |
|  |  |            | <b>Total Order</b>   | <b>\$13,275.75</b> |

**NOTE:** Prices in this sales quotation are valid for thirty (30) days  
**SHIPPING:** All shipments are f.o.b. Factory

Authorized Purchaser \_\_\_\_\_

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**AGENDA ITEM – STAFF REPORT**

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**TO:** HONORABLE MAYOR AND COUNCILMEMBERS  
**FROM:** NICOLAS R. CARDELLA, DEPUTY CITY ATTORNEY  
**VIA:** CRISTIAN GONZALEZ, CITY MANAGER  
**SUBJECT:** CONSIDERATION OF A PURCHASE AND SALE AGREEMENT FOR THE SALE OF CITY PROPERTY LOCATED IN THE COMMERCIAL CANNABIS OVERLAY DISTRICT  
**DATE:** OCTOBER 22, 2019

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**ISSUE**

Should the City Council approve the execution of a purchase and sale agreement (PSA) with Agricultural Valley Holdings, LLC (aka Axiom) under which the City of Mendota (City) would sell, and Axiom would purchase, approximately 59 acres of unimproved real property located in the City's Cannabis Overlay District?

**BACKGROUND**

On November 9, 2018, the City issued a Request for Proposals (RFP) for the purchase and development of 59-acre parcel, A.P.N. 013-030-68ST (Property). While the Property is zoned Public Facilities, it is also located within the City's Commercial Cannabis Overlay District. Properties within the Commercial Cannabis Overlay District are subject to the underlying zoning classifications and development standards, but are permitted to engage in specified uses that would otherwise be prohibited, such as cannabis cultivation, if a Conditional Use Permit is first obtained.

After publishing the RFP, the City received responses from Higher Plane Cultivation, Mendota Development Corporation, and Axiom. At a regular meeting on February 12, 2019, the Council selected Axiom to exclusively negotiate with the City for the purchase of the Property.

On June 25, 2019, the Council approved execution of an Agreement for Preparation of an Environmental Document and Related City Services with Axiom. Under that agreement, Axiom received the exclusive right to negotiate with the City for the Property's purchase. In exchange, Axiom agreed to reimburse the City for the costs the City incurs in connection with its preparation, assessment, and approval of a complete draft and final environmental document, and the performance of any other work required or requested in connection with the environmental document or Axiom's development project. Thereafter, staff and Axiom began negotiations concerning the terms of Axiom's proposed purchase and development of the Property.

As part of the negotiation process, two appraisals of the Property were performed. The first was performed by Gregg Palmer of James G. Palmer Appraisals Inc., who was selected by the City. The Palmer Appraisal estimated the Property's fair market value at \$2.1 million. However, after Axiom raised concerns regarding various flaws in the Palmer Appraisal, the City agreed to permit a second appraisal by an appraiser of Axiom's choosing. Thus, a second appraisal was

performed by Gregory Addington of Premier Ag Appraisal. The Addington Appraisal estimated the Property's fair market value at \$1 million.

Although the Palmer Appraisal found the Property's fair market value to be substantially higher than the Addington Appraisal, after extensive negotiation and discussion with Axiom, staff agreed to accept the Addington Appraisal in recognition of the flaws Axiom identified in the Palmer Appraisal and staff's belief that the appraised value determined in the Addington Appraisal was fair and reasonable in light of all of the relevant circumstances.

While negotiating the PSA, the parties have also been negotiating the terms of a development agreement for Axiom's future development of the Property for cannabis cultivation (Project). Although the parties have made significant progress on the material terms of the development agreement, the City Attorney has recommended that the City defer action on the development agreement until the City has completed its environmental analysis of the Project, as this is necessary to comply with the California Environmental Quality Act's mandate that lead agencies complete environmental review before granting a discretionary approval for a development project. Accordingly, only the PSA is before the Council at this time.

### **ANALYSIS**

As set forth in the PSA, Axiom has agreed to purchase the Property from the City for a purchase price of \$1,000,000, which shall be paid in cash upon the close of escrow. Axiom has also agreed to remit to the City a \$200,000 bonus payment within 30 days after the close of escrow. However, the parties have agreed that this obligation will be set forth in the development agreement, which will be presented to Council after completion of environmental review. Notably, Council is also being asked at this meeting to approve the execution of a consulting services agreement with Wood Environment & Infrastructure Solutions, Inc. to perform the required environmental analysis.

Under the PSA, Axiom is required to remit a deposit in the amount of \$100,000 within three days of the PSA becoming effective. Generally speaking, this amount will be refunded to Axiom if escrow does not close due to circumstances outside of Axiom's control, but will be retained by the City otherwise. Under the PSA, escrow will not close until Axiom has received all necessary City entitlements required for its development and use of the Property for cannabis cultivation, and the deadline to challenge the issuance of those entitlements has passed, or, if challenged, the legal challenge is favorably concluded. Closing is not contingent upon Axiom's receipt of permits or authorizations from government bodies other than the City, such as the cannabis cultivation license required from the Bureau of Cannabis Control.

It should be noted that, because of the closing conditions, even if the Council approves the execution of the PSA, should it decide not to approve the development agreement (or any subsequent entitlement required for the project), either because the environmental impacts are determined to be more serious than anticipated, or because the Council, for whatever reason, is no longer supportive of the Project, then escrow will not close, and the parties will be under no further obligations under the PSA. Notably, Axiom has expressly acknowledged and agreed in the PSA that the City is under no obligation to grant the required development entitlements, that the City will conduct appropriate environmental review as required by CEQA before granting

any discretionary entitlements, that the City may decide not to approve some or all of the development entitlements or to approve them subject to conditions based on the results of the environmental review.

Consequently, the City's approval of the PSA is not an "approval" of a "project" within the meaning of CEQA and is not subject to CEQA's environmental review requirements. (See Pub. Res. Code § 21065; CEQA Guidelines § 15004(b)(4); *Laurel Heights Improvement Association of San Francisco, Inc. v. Regents of University of California* (1993) 6 Cal.4th 1112.) Furthermore, in light of the PSA's terms and closing conditions, any potential environmental impacts remain wholly speculative at this time. (See CEQA Guidelines § 15064(d)(3).) Moreover, any activities resulting from approval of the PSA will be subject to environmental review in accordance with CEQA prior to the execution of any development agreement and prior to the issuance of any required entitlement. Additionally, even if the City's approval of the PSA were subject to CEQA, it would be categorically exempt pursuant to § 15312 of the CEQA Guidelines because the activity at issue "consists of [the] sale[] of surplus government property" and is not "land located in an area of statewide, regional, or areawide concern."

### **FISCAL IMPACT**

The City's approval of the PSA will result in a positive fiscal impact in the amount of \$1,000,000 if escrow closes. If escrow does not close, there will be no fiscal impact due to Axiom's agreement to reimburse the City for its costs under the Agreement for Preparation of an Environmental Document and Related City Services.

### **RECOMMENDATION**

Staff recommends that the City Council:

1. Direct the City Clerk to prepare and file a Notice of Determination in accordance with CEQA; and
2. Authorize the City Manager to execute the PSA, subject to any minor revisions or clarifications he deems appropriate;

### **Attachment(s):**

Resolution No. 19-79

Resolution No. 19-79 Exhibit "A" - Purchase and Sale Agreement

**BEFORE THE CITY COUNCIL  
OF THE  
CITY OF MENDOTA, COUNTY OF FRESNO**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MENDOTA APPROVING  
THE EXECUTION OF A PURCHASE AND  
SALE AGREEMENT WITH AGRICULTURAL  
VALLEY HOLDINGS, LLC FOR THE PURCHASE  
OF A 59-ACRE PARCEL LOCATED IN THE  
COMMERCIAL CANNABIS OVERLAY DISTRICT**

**RESOLUTION NO. 19-79**

**WHEREAS**, on November 9, 2018, the City of Mendota (City) issued a Request for Proposals (RFP) for the purchase and development of 59-acre parcel, A.P.N. 013-030-68ST (Property) located within the City’s Commercial Cannabis Overlay District; and

**WHEREAS**, at a regular meeting of the Mendota City Council on February 12, 2019, after considering several proposals received in response to the RFP, the Council selected the Axiom Group (aka Valley Agricultural Holdings, LLC) to exclusively negotiate with the City for the purchase of the Property; and

**WHEREAS**, on June 25, 2019, the Council approved execution of an Agreement for Preparation of an Environmental Document and Related City Services with Axiom, by which Axiom received the exclusive right to negotiate with the City for Property’s purchase in exchange for its agreement to reimburse the City costs incurred in connection with its preparation, assessment, and approval of a complete draft and final environmental document, and the performance of any other work required or requested in connection with the environmental document or Axiom’s development project; and

**WHEREAS**, since that time, staff and Axiom have been in negotiations concerning the terms of Axiom’s proposed purchase and development of the Property; and

**WHEREAS**, staff and Axiom have reached agreement on the terms of a Purchase and Sale Agreement for the City’s sale of the Property to Axiom, and have prepared an agreement memorializing the parties’ agreement, which is attached hereto as Exhibit “A” and incorporated herein by this reference;

**WHEREAS**, the City’s sale of the Property to Axiom will result in a significant financial benefit to the City by disposing of surplus real property that can be more productively used by a private party.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Mendota that:

1. The recitals above are true and correct and are incorporated herein by this reference.
2. The City Council hereby finds and determines that its decision to authorize execution of the Purchase and Sale Agreement is not subject to environmental review under the Public Resources Code, § 21000 *et seq.*, the California Environmental Quality Act (CEQA) because its action does not constitute an “approval” of a “project” within the meaning of CEQA. (See Pub. Res. Code § 21065; CEQA Guidelines § 15004(b)(4); *Laurel Heights Improvement Association of San Francisco, Inc. v. Regents of University of California* (1993) 6 Cal.4th 1112.) Furthermore, in light of the PSA’s terms and closing conditions, any potential environmental impacts remain wholly speculative at this time. (See CEQA Guidelines § 15064(d)(3).) Moreover, any activities resulting from approval of the PSA will be subject to environmental review in accordance with CEQA prior to the execution of any development agreement and prior to the issuance of any required entitlement. Additionally, even if the City’s approval of the PSA were subject to CEQA, it would be categorically exempt pursuant to § 15312 of the CEQA Guidelines because the activity at issue “consists of [the] sale[] of surplus government property” and is not “land located in an area of statewide, regional, or areawide concern.”
3. The City Manager is hereby authorized and directed to execute the Purchase and Sale Agreement, attached hereto as Exhibit “A,” subject to such minor revisions and clarifications as may be deemed appropriate by the City Manager in his discretion.
4. The City Clerk is hereby authorized and directed to file a Notice of Determination in accordance with CEQA.

\_\_\_\_\_  
Robert Silva, Mayor

ATTEST:

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 22<sup>nd</sup> day of October, 2019, by the following vote:

**AYES:**  
**NOES:**  
**ABSENT:**  
**ABSTAIN:**

\_\_\_\_\_  
Celeste Cabrera-Garcia, City Clerk



# Exhibit A

**PURCHASE AND SALE AGREEMENT  
AND JOINT ESCROW INSTRUCTIONS**

This Purchase and Sale Agreement and Joint Escrow Instructions (this “*Agreement*”), dated as of \_\_\_\_\_, 2019 (the “*Effective Date*”), is by and between Valley Agricultural Holdings, LLC, a California limited liability company (the “*Buyer*”), and The City of Mendota, a Municipal Corporation (the “*Seller*”), and constitutes an agreement for the purchase and sale of real property and joint escrow instructions directed to Orange Coast Title Company (as “*Escrow Holder*”) to establish an escrow (the “*Escrow*”) to accommodate the transaction contemplated hereby. The Buyer and Seller shall collectively be referred to as the “*Parties*” and individually as the “*Party*”.

**RECITALS:**

A. Seller is the fee owner of approximately 59 acres of certain unimproved real property located in the City of Mendota (“*City*”), Fresno County (the “*County*”), California, and as depicted on **Exhibit “A”** attached hereto and incorporated herein by this reference (the “*Land*”). Prior to the Close of Escrow, as defined in Section 4.b below, a legal description of the Land will be attached as **Exhibit “C”** to this Agreement and initialed by the Parties constituting their approval and acceptance of same. The Land shall be subdivided into two parcels, one consisting of 35 acres and one of 24 acres, and the legal description for the two parcels will be attached as **Exhibit “B”** to this Agreement.

B. For purposes of this Agreement, the term “*Property*” shall consist of a fee interest in the Land depicted on **Exhibit “A”** and described on **Exhibit “C”** attached hereto, and all of Seller’s right, title and interest, if any, in and to (i) any rights and appurtenances pertaining to the and including all privileges, easements, rights of way, and any mineral and water rights pertaining to the Land, (ii) all improvements thereon, (iii) any and all warranties and guaranties of contractors relating to work performed on the Land, (iv) any and all licenses, permits and approvals issued by governmental authorities relating to the use, maintenance, occupancy or operation of the Land, and (v) all development rights and entitlements applicable to the Land, including all rights to reimbursements or credits from any governmental or quasi-governmental agency related to the ownership and development of the Land.

C. As a condition to the sale of the Property and the Close of Escrow, as defined in Section 4.b below, Seller requires that Buyer develop plans and specifications for the Property’s development that are satisfactory to Seller and that Buyer and Seller enter into an agreement for such development, as more particularly described in Section 4.f of this Agreement.

D. Buyer wishes to purchase the Property from Seller, and Seller wishes to sell the Property to Buyer, under the terms and conditions provided for herein.

**NOW THEREFORE**, in consideration of the foregoing recitals, and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller hereby agree as follows:

1. **Purchase and Sale.** Seller agrees to sell the Property to Buyer, and Buyer agrees to purchase the Property from Seller, on the terms and conditions hereinafter set forth.

2. **Purchase Price.** The “*Purchase Price*” for the Property shall be One Million (\$1,000,000.00 USD), payable all in cash at the Close of Escrow as described in Section 4.b below.

3. **Payment of Purchase Price.**

a. Not later than 5:00 PM (Pacific Time) on the date which is three (3) business days after the Effective Date, Buyer shall deposit into the Escrow: (A) the amount of One Hundred Thousand Dollars (\$100,000.00 USD) by confirmed wire transfer of immediately available federal funds (the “*Deposit*”). Upon the expiration of the Contingency Period the Deposit shall be fully credited to the Purchase Price, except upon a termination of this Agreement following a default by Seller or the failure of Seller to deliver insurable title in accordance with the terms of this Agreement.

b. Contemporaneously with the execution and delivery of this Agreement to Escrow Holder, Buyer has paid to Seller as further consideration for this Agreement, in cash, the sum of One Hundred Dollars (\$100.00 USD) (the “*Independent Consideration*”), in addition to the Deposit and the Purchase Price and independent of any other consideration provided hereunder, which Independent Consideration is fully earned by Seller and is non-refundable under any circumstances.

c. In the event of a termination of this Agreement by Seller due to a default by Buyer with respect to Buyer’s obligations under this Agreement, the Deposit shall constitute the liquidated damages of Seller pursuant to Section 16.b below.

d. The balance of the Purchase Price, together with Buyer’s share of costs to be paid and pro-rations to be made pursuant to Section 13 and Section 14 of this Agreement, shall be deposited by Buyer into the Escrow by confirmed wire transfer of immediately available federal funds, no later than 5:00 P.M. on the last business day before the Close of Escrow and, once the Grant Deed has been recorded and Seller’s costs and pro-rations hereunder have been deducted, the remainder shall be delivered to Seller by Escrow Holder at the Close of Escrow.

3.1. **Access Rights.** By entering into this Agreement Seller acknowledges and agrees that it will be necessary for it to provide to Buyer, through land dedications and/or access easements, certain City-controlled properties adjacent to the Property for Buyer’s use for vehicular and pedestrian access and utility services to and from the Property (the “*Access Rights*”). Accordingly, Seller shall cooperate and coordinate with Buyer in good faith to facilitate such land dedications and grants of easement, to be determined at Seller’s sole and absolute discretion, prior to the Close of Escrow, as necessary and required, to ensure Buyer is granted reasonable Access Rights to the Property. Buyer and Seller further agree that the Purchase Price, as defined in Section 2, will not increase as a result of any City land dedication(s) or grants of easement providing Buyer said access rights.

**3.2. Water Availability.** By entering into this Agreement Seller acknowledges and agrees that Buyer's access to a continuous water source is instrumental in the development of the proposed project, with said project to be more fully described in the Development Agreement discussed in Section 4.f below, and, as such, sufficient water availability is a material term in Buyer's purchasing the Property and closing the Escrow. To the extent not prohibited by law or contract, Seller agrees to fully cooperate with Buyer to assist in Buyer's securing any and all necessary water rights, including, but not limited to (i) subsurface water rights existing below the Property, and (2) if required, assisting Buyer in obtaining access to a continuous off-Property water source within Seller's jurisdiction and control.

**4. Opening and Close of Escrow.**

a. For the purposes of this Agreement, the "***Opening of Escrow***" shall mean that date which is one (1) business day after Escrow Holder has received fully executed counterparts of this Agreement from both Buyer and Seller. Immediately upon the Opening of Escrow, Escrow Holder shall notify Buyer and Seller, in writing, of the date Escrow is opened. Buyer and Seller agree to execute, deliver and be bound by any reasonable and customary supplemental instructions that may reasonably be requested by Escrow Holder or that may be necessary or convenient to consummate the transaction contemplated hereby; provided, however, that such supplemental instructions shall be consistent with and shall not supersede this Agreement and in all cases this Agreement shall control.

b. For purposes of this Agreement, the "***Close of Escrow***" shall mean the date on which two (2) grant deeds conveying the title to the Property to Buyer, substantially in the form attached hereto as **Exhibit "B"** (the "***Grant Deed(s)***"), are concurrently recorded in the Official Records of the County. For clarity, one Grant Deed shall reflect Seller's conveyance of approximately 35 acres of the Property to Seller, and one Grant Deed shall reflect Seller's conveyance of approximately 24 acres of the Property to Buyer. The Grant Deeds shall also provide that the transfer tax shall not be of record. As discussed in Section 4.c below, in no event shall Close of Escrow occur prior to the Development Entitlements becoming Effective (the "***Entitlement Date***"). For purposes of this Agreement, Development Entitlements shall be deemed to have become "***Effective***" thirty (30) calendar days after the date that a Notice of Determination ("***NOD***") has been filed and posted by the City following a certification from the City's Planning Commission and/or the City Council that the California Environmental Quality Act ("***CEQA***"), and any and all related City discretionary approvals, have been obtained from the City in connection with the City's consideration of Buyer's application(s) for the Development Entitlements; provided, however, if there is an appeal or legal challenge to the City's approval of the Development Entitlements prior to the expiration of said thirty (30) day appeal period, the Development Entitlements shall become Effective on the date that such appeal or legal challenge is favorably concluded without material adverse impact on the Development Entitlements. Buyer shall provide to Seller any

notice of legal challenge or appeal of the Development Entitlements or CEQA document certification, promptly following Buyer's receipt thereof.

c. By entering into this Agreement, Seller understands and acknowledges that Buyer intends to diligently seek from the City any and all approvals and development entitlements the City requires for the purpose of constructing and operating a facility for cannabis cultivation and related uses, including the issuance of a Conditional Use Permit (the "***Development Entitlements***"). Development entitlements and/or development standards required by the City that are not contemplated in the Conditional Use Permit shall, to the extent practicable, be consistent with the County of Fresno's development standards for "Exclusive Agricultural" uses as set forth in the Fresno County Ordinance Code - Division 6, Zoning Ordinance. Accordingly, the Close of Escrow shall occur no more than three (3) business days after the Entitlement Date, except with the mutual written agreement of the Parties (the "***Closing Date***").

d. By entering into this agreement, Buyer acknowledges and agrees that Seller will exercise its independent judgment to determine whether granting the Development Entitlements is in the best interests of the City of Mendota and that Seller shall be under no obligation whatsoever to grant the Development Entitlements to Buyer. Seller will conduct environmental review of the relevant activity or activities in accordance with the requirements of CEQA prior to granting any approval associated with the Development Entitlements. Consequently, Buyer acknowledges and agrees that, in accordance with Seller's obligations under CEQA and its duty to the citizens of the City of Mendota, Seller may decide not to approve some or all of the Development Entitlements, or may approve some or all of the Development Entitlements subject to conditions. The Parties expressly intend that nothing in this Agreement shall be interpreted as a commitment by Seller to grant the Development Entitlements to Buyer prior to Seller's completion of appropriate environmental review in accordance with CEQA, or as an abrogation of the City's obligation to exercise its independent judgement in deciding whether to grant any development entitlement or whether to impose conditions on any development entitlement.

e. Seller Cooperation. By entering into this agreement Seller acknowledges that Close of Escrow shall only occur after the Development Entitlements are Effective, as discussed on Section 4.c above. To facilitate the Close of Escrow in an expeditious and timely manner, Seller agrees, in its capacity as a public municipality and subject to all applicable laws and the time-frames generally established in the Seller's land use entitlement processes and procedures, to fully and diligently cooperate with Buyer in the efficient processing of development applications and final approval(s) of all Development Entitlements reasonably sought by Buyer. However, nothing herein shall be construed as a warranty by Seller that the Development Entitlements will be issued to Buyer.

f. Development Agreement. By entering into this Agreement, and as a condition to the Close of Escrow, Buyer and Seller shall negotiate and execute a mutually acceptable development agreement (the "***Development Agreement***") that shall provide, among other things: (a) a description of the proposed project to be developed upon the

Property, (b) specific requirements for the development of the proposed project and its intended use, and (c) certain revenue and fee provisions potentially requested by the City, as applicable and as negotiated by Buyer and Seller (the “*Fees*”), with a portion of the Fees being paid by Buyer to Seller within thirty (30) business days after Close of Escrow. The Parties will, commencing upon the Effective Date of this Agreement, attempt in good faith to negotiate a mutually agreeable form of the Development Agreement, with the intention that the same will be formally approved by the Seller’s City Council on or before December 20, 2019.

5. **Buyer’s Contingencies.** For the benefit of Buyer, Buyer’s obligation to consummate the transaction contemplated in this Agreement shall be expressly subject to and contingent upon Buyer’s written approval or written waiver of each of the following contingencies (“*Contingencies*”) on or before the dates set forth below, **time being of the essence:**

a. **Title Matters.**

i. Within five (5) business days of the Effective Date, the Escrow Holder shall deliver to the Buyer an updated preliminary title report for the Property, together with copies of all written instruments creating the exceptions specified therein, and plat maps plotting all easements specified therein (collectively, the “*Title Report*”). Within twenty (20) business days of Buyer’s receipt of the Title Report, Buyer shall notify Seller in writing (“*Buyer’s Objection Notice*”) of any objections Buyer may have to the title exceptions contained in the Title Report. Buyer’s failure to provide Seller with a Buyer’s Objection Notice within said period shall constitute Buyer’s approval of all exceptions to title shown on the Title Report. Seller shall have a period of ten (10) business days after receipt of Buyer’s Objection Notice in which to deliver written notice to Buyer (“*Seller’s Notice*”) of Seller’s election to either (i) agree to remove or cure the objected to items prior to the Close of Escrow, or (ii) decline to remove or cure any such title exceptions. Seller’s failure to deliver Seller’s Notice within such period shall constitute Seller’s election to decline to remove or cure any such title exceptions. If Seller notifies Buyer of its election not to remove and cure the objected to items or is deemed to so elect, Buyer shall have the right, by written notice delivered to Seller after Buyer’s receipt of Seller’s Notice or deemed election, to either (a) terminate this Agreement, or (b) agree to accept the Property subject to the objected to items, in which event Buyer shall take title at the Close of Escrow subject to such objected to items without any adjustment to or credit against the Purchase Price; with said election to occur within twenty (20) days of the Buyer’s receipt of Seller’s written notice of its election not to remove and cure the objected items. Notwithstanding the foregoing, in no instance shall any deeds of trust, mortgages, or monetary encumbrances against the Property constitute an approved title exception, and the Buyer shall have been deemed to have disapproved any such encumbrance, with such encumbrances to be paid off and removed from any policy of title insurance at the Close of Escrow.

Upon the issuance of any amendment or supplement to the Title Report which adds additional exceptions, or adds any new requirement, the foregoing right of review and approval shall also apply to said amendment or supplement; provided, however, that Buyer's initial period of review and approval or disapproval of any such additional exceptions shall be limited to ten (10) business days following Buyer's receipt of the instrument(s) creating such additional exceptions, and further provided that the Buyer may only disapprove of, and may only elect to terminate this Agreement based on, any new exception that would reasonably be expected to add a material cost to or have a material adverse effect on Buyer's development or use of the Property.

ii. In the event Buyer requests any endorsements to the Title Policy (as hereinafter defined in Section 9) in its Buyer's Title Notice or a Buyer's Title Notice Supplement ("***Buyer Requested Title Endorsements***"), Buyer shall be solely responsible for ordering the same directly from the Title Company and shall be responsible for all action and additional premiums and costs which may be required as a condition to the issuance of such endorsements (except for a mechanics lien endorsement which shall be paid for by Seller). Buyer Requested Title Endorsements shall not be or be deemed to be a condition to closing the transactions contemplated hereunder. Seller shall execute an affidavit and/or certified resolutions on the Title Company's standard form so that the Title Company can delete or modify the standard printed exceptions as to the Seller's constituent documents, parties in possession, unrecorded liens and similar matters.

b. Due Diligence Review. Buyer shall have sixty (60) days from the Effective Date of this Agreement (the "***Contingency Period***") to examine, inspect and investigate the Property and, in Buyer's sole and absolute judgment and discretion, to determine whether the Property is acceptable to Buyer. In the event, prior to the end of the Contingency Period, Buyer provides Seller written notice disapproving the condition of the Property (in Buyer's sole discretion and without any restrictions thereon), Buyer shall be deemed to have disapproved the Property, in which event the Deposit will be immediately returned to Buyer and the termination provisions of Section 12 below shall apply. Prior to the expiration of the Contingency Period, Buyer and Seller agree that Buyer's access requirements, as discussed in Section 3.1 above and related to the Access Rights, shall have been determined by Seller and accepted in writing by Buyer.

c. Post Contingency Period Property Disapproval. Buyer shall retain the right, by providing written notice to Seller, to disapprove the Property and have the Deposit immediately returned to Buyer if, after expiration of the Contingency Period but prior to the Close of Escrow, one or more of the following circumstances occur: (1) Buyer determines there is insufficient water available to service the project for its intended use, as discussed in Section 3.2 above, with said project to be more fully described in the Development Agreement, as discussed in Section 4.f above, (2) all Development Entitlements, as more fully described in Section 4.c above, have not been obtained by Buyer on or before the Closing Date, and (3) Seller is unable or unwilling to

grant the Access Rights, as necessary and required for use of the Property, as more fully discussed in Section 3.1 above.

d. Within five (5) days of the Opening of Escrow, Seller shall provide to Buyer the documents, instruments and agreements, in Seller's possession or control material, if any, relating to the condition, use or development of the Property (the "**Property Information Materials**"), including, but not limited to, any geo-technical reports, engineering reports, surveys, phase I environmental site assessments, phase II environmental investigations, traffic studies, drainage studies, and copies of permits and authorizations (and mitigation measures and conditions thereto) obtained by Seller from local, state and federal agencies having jurisdiction over the Property. Seller shall be solely responsible for the costs of preparing copies of such documents, studies, reports and schedules. Buyer shall be solely responsible for any costs incurred in connection with its review and/or investigation of the Property and the Property Information Materials. Notwithstanding the foregoing, Seller has made, and during the term of this Agreement, will continue to make, available to Buyer for inspection and copying (at Buyer's cost), any and all known information in Seller's possession or reasonably available to Seller regarding a change in the physical condition of the Property.

e. Buyer's comprehensive due diligence investigation of the Property may include, but shall not be limited to, the following matters respecting the Property:

i. The availability and adequacy of all utilities to the Property, including, but not limited to, power, water, gas, telephone, cable and sewer.

ii. The condition of the soils and the geologic, environmental and engineering conditions of the Property, based on any and all soils, engineering, environmental or geologic tests, reports and studies which Buyer desires to perform, which reports, tests and studies shall be performed at Buyer's sole cost and expense in compliance with the provisions of Section 18 below.

iii. The existence of mineral rights connected to the property and, if existing, the transferability of the same to Buyer.

iv. The existence of, and if existing the extent of, subsurface water located beneath the Property and the feasibility of Buyer's future use of subsurface water in connection with Buyer's intended use of the Property; or in the event subsurface water is not available, Buyer's ability to obtain water from City-controlled properties or facilities.

v. The contents of a California Natural Hazards Disclosure Statement. Seller hereby authorizes Escrow Holder, at Seller's cost, promptly following the Opening of Escrow, to procure and deliver to Buyer and Seller, for the benefit of Buyer and Seller, a Natural Hazards Disclosure Statement covering the Property. Seller shall have no responsibility for the completeness or accuracy of the Natural Hazards Disclosure Statement.



f. The deadlines specified in this Section 5, subdivisions (a), (b), (c), and (d) may be modified pursuant to the written agreement of the Parties.

**6. “AS-IS” SALE.**

a. Buyer, having had the opportunity to undertake full testing or review of the Property during the Contingency Period, expressly assumes the risk that the Property may contain or have defects or conditions that might prevent the intended use of the Property or cause unexpected expense in connection with preparing the Property for the intended use. This Agreement contains all of the terms and conditions agreed upon, it being understood that there are no outside representations or oral agreements. Buyer acknowledges that, except as expressly contained in this Agreement, (a) neither Seller nor anyone acting for or on behalf of Seller has made any representation, statement, warranty, or promise to Buyer concerning the physical aspects and condition of the Property, any dimensions or specifications of any of the Property, the feasibility, desirability, or convertibility of the Property into any particular use, or the projected income or expenses for the Property; (b) in entering into this Agreement, Buyer has not relied on any representation, statement, or warranty of Seller (except those expressly contained herein) or on the documentation provided by Seller to Buyer under this Agreement, or anyone acting for or on behalf of Seller, all of which are to be independently verified by Buyer; (c) Buyer is purchasing the Property based solely upon Buyer’s own inspection and examination thereof; (d) that Buyer is purchasing the Property in its then “AS IS” physical condition and its then “AS IS” state without any representation, statement, or warranty of Seller (except those expressly contained herein); and (e) Buyer does hereby waive, and Seller does hereby disclaim, all warranties of any type or kind whatsoever with respect to the Property, including, by way of description, but not limitation, those of fitness for a particular purpose, merchantability, tenantability, habitability, and use, except for the representations and warranties of Seller set forth herein.

b. Buyer acknowledges that certain of the Property Information Materials may have been prepared by parties other than Seller. Buyer accepts the fact that Seller is making no representation or warranty whatsoever, express or implied, as to the completeness, content or accuracy of the Property Information Materials, except as may otherwise be provided in Section 7 below of this Agreement. Except as may otherwise be provided in Section 7, Buyer specifically releases Seller from all claims, whether known or unknown, which are or may be asserted against or incurred by Buyer by reason of the information contained in, or that should have been contained in, the Property Information Materials or in the Recitals to this Agreement.

**7. Seller’s Representations, Warranties and Covenants.**

Seller hereby represents and warrants to Buyer, which representations and warranties shall be true and correct as of the Effective Date and as of the date of the Close of Escrow, and, subject to Section 34 hereof, shall survive the Close of Escrow.

For purposes of this Section 7, “Seller’s knowledge” shall refer to the actual, personal knowledge of Cristian Gonzalez, without any duty of inquiry or investigation. Seller represents and warrants that Cristian Gonzalez is the person affiliated with Seller most knowledgeable about the Property. In the event a representation or warranty of Seller as stated above is true as of the Effective Date, but due to the occurrence of a change in circumstances (which change does not arise due to Seller’s breach hereunder) of which Seller actually becomes aware between the Effective Date and the Close of Escrow, cannot be stated truthfully by Seller in all material respects upon the Close of Escrow, Seller shall not be in breach of this Agreement by reason thereof, provided Seller promptly after learning of the same and prior to the Close of Escrow, notifies Buyer in writing of such change in circumstances; in such event, Buyer shall have the right by written notice to Seller and Escrow Holder within five (5) business days of learning of such changed circumstance, either (a) to waive such changed circumstances and proceed to the Close of Escrow with Seller’s relevant representation or warranty deemed qualified to exclude the changed circumstances, or (b) to deem such change in circumstances a failure of a condition precedent to Buyer’s obligation to purchase the Property and terminate this Agreement, in which event the Deposit shall be immediately returned to Buyer and the termination provisions of Section 12 below shall apply.

a. To Seller’s knowledge, Seller has the legal power, right and authority to enter into this Agreement and the instruments and documents referenced herein, and to consummate the transaction contemplated hereby.

b. To Seller’s knowledge, and except for this Agreement, Seller is not a Party to any currently enforceable agreement or option for the transfer, sale or purchase of all or any portion of the Property and has not granted any other party any right or option to use, occupy or lease all or any portion of the Property.

c. To Seller’s knowledge, Seller is not a “foreign person” or “foreign corporation” as those terms are defined in the Internal Revenue Code of 1986, as amended, and the regulations thereunder (collectively, the “**Code**”).

d. To Seller’s knowledge, there are no legal, administrative, regulatory or other actions, suits or similar proceedings pending and served, or threatened in writing against Seller or the Property which, if adversely determined, would materially and adversely affect the value of the Property or adversely affect Seller’s ability to consummate the transactions contemplated hereby.

e. To Seller’s knowledge, Seller has not (1) commenced a voluntary case, or had entered against it a petition, for relief under any federal bankruptcy act or any similar petition, order or decree under any federal or state law or statute relative to bankruptcy, insolvency or other relief for debtors, (2) caused, suffered or consented to the appointment of a receiver, trustee, administrator, conservator, liquidator or similar official in any federal, state or foreign judicial or non-judicial proceeding, to hold, administer and/or liquidate all or substantially all of its property, or (3) made an assignment for the benefit of creditors.

f. To Seller's knowledge, Seller has not received any written notice from any applicable governmental authority respecting any violation of any applicable governmental law, ordinance, rule or regulation applicable to Seller, the Property, or any part thereof, by reason of a violation of any applicable federal, state, county or municipal law, code, rule, or regulation, that (1) has not been either cured or removed (or shall be cured or removed prior to the Closing) or otherwise disclosed to Buyer, and (2) materially and adversely affects the value of the Property.

g. To Seller's knowledge, Seller has never used, generated, processed, stored, disposed of, released or discharged any Hazardous Substances on, under or about the Property, that would be a material impediment to the development of the Property.

h. To Seller's knowledge, the Property Information Materials are true and correct in all material respects as of the date of such document; provided, however, that Seller makes no representation or warranty and shall have no liability or responsibility for any analysis or conclusion set forth in any third party reports which are included in the Property Information Materials. To Seller's knowledge, and without limiting the foregoing, all copies of Property Information Materials provided to Buyer are accurate and complete copies.

Seller hereby covenants with Buyer, which covenants subject to Section 34 hereof, shall survive the Close of Escrow, as follows:

a. During the period between the Opening of Escrow and the Close of Escrow or termination of this Agreement, Seller shall not, without the prior written consent of Buyer, enter into any contract with respect to the Property that will impede or otherwise interfere with Seller's sale of the Property to Buyer which will survive the Close of Escrow.

b. On or before the Close of Escrow, Seller shall terminate, at its sole cost, any contracts to which it is a party that may interfere with Buyer's intended use of the Property, as that use shall be described in the Development Agreement discussed in Section 4.f above, unless Buyer has expressly agreed to assume such contracts in its sole discretion.

c. At all times prior to the Close of Escrow, Seller shall maintain the Property substantially in its current condition.

d. Any backup offers for purchase of the Property obtained by and that are acceptable to Seller shall be expressly subordinate to Buyer's rights under this Agreement.

e. Prior to the Close of Escrow, Seller shall obtain all such written consents and approvals as may be necessary or required, if any, to permit Seller to perform its obligations under this Agreement.

f. Seller shall notify Buyer promptly upon receipt by Seller prior to Closing of written notice of the institution or pendency of any action, suit, or proceeding against or affecting the Property, or relating to or arising out of the ownership of such Property.

**8. Buyer's Representations, Warranties and Covenants.**

a. Buyer hereby represents and warrants to Seller, which representations and warranties shall be true and correct as of the Effective Date of this Agreement and as of the date of the Close of Escrow, and, subject to Section 34 hereof, shall survive the Close of Escrow, as follows:

i. Buyer has the legal power, right and authority to enter into this Agreement and the instruments to be executed by Buyer pursuant to this Agreement and to consummate the transactions contemplated hereby. No consent of any third party is required in order for Buyer to perform its obligations hereunder.

ii. Buyer has obtained all government approvals, permits, licenses, and entitlements required by any law or regulation for Buyer's operation of a commercial cannabis business.

iii. All requisite action has been taken by Buyer in connection with Buyer's execution of this Agreement and the instruments to be executed by Buyer pursuant to this Agreement and the consummation of the transactions contemplated hereby.

iv. The individuals executing this Agreement and the instruments to be executed by Buyer pursuant to this Agreement on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions of this Agreement and such instruments.

v. Neither the execution and delivery of this Agreement and the documents referenced herein, nor the undertaking of the obligations set forth herein, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Agreement and the documents 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 Buyer is a party.

vi. Buyer has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by Buyer's creditors, (iii) suffered the appointment of a receiver to take possession of all or substantially all of Buyer's assets, (iv) suffered the attachment or other judicial seizure of all, or substantially all, of Buyer's assets, (v) admitted in writing its inability to pay its debts as they come due or (vi) made an offer of settlement, extension or composition to its creditors generally.

**9. Title Insurance.** It shall be a condition to the Close of Escrow for Buyer's benefit that the Title Company shall have unconditionally committed to issue to Buyer an CLTA standard coverage owner's policy of title insurance (the "***Title Policy***") in the amount of the Purchase Price, showing fee simple title to the Property to be vested in Buyer free and clear of all liens and encumbrances other than the approved exceptions and containing the Requesting Endorsements. Seller shall pay the premium for the issuance of the standard Title Policy. Buyer, at Buyer's sole option and cost, so long as the Close of Escrow is not thereby delayed, may elect to obtain an ALTA standard or extended coverage title policy (the "***ALTA Policy***"). Seller shall pay for the cost of the Title Policy and the cost of any curative endorsements Seller has agreed in writing to provide and the costs of a mechanics' lien endorsement, and Buyer shall pay any additional cost for the ALTA Policy, and the cost of any Buyer Requested Title Endorsements not covered by Seller.

**10. Conditions to Close of Escrow.**

a. Buyer's obligation to purchase the Property and close the Escrow is subject to and conditioned upon the satisfaction of the following conditions, on or before the Close of Escrow, as indicated below:

i. Seller shall have timely delivered to Escrow Holder the items described in Section 11.a below, together with any and all written third party consents thereto, where indicated, in the Exhibits attached hereto.

ii. The representations and warranties of Seller shall be true and correct on the Closing Date, and Seller shall not be (or deemed to be) in material breach of any representation or warranty given by Seller under Section 7 above.

iii. Seller shall not otherwise be in material default in the performance of any of its obligations under this Agreement.

iv. Unless waived by Buyer pursuant to the express provisions of this Agreement, the Development Entitlements shall have become Effective.

v. The Title Company has irrevocably committed to issue the Title Policy.

b. Seller's obligation to sell the Property and close the Escrow is subject to and conditioned upon the satisfaction of the following conditions on or before the Close of Escrow:

i. The representations and warranties of Buyer shall be true and correct on the Closing Date, and Buyer shall not be in material breach of any representation or warranty given by Buyer under Section 8.a above.

ii. Buyer shall have timely executed and delivered to Escrow Holder the items described in Section 11.b below.

iii. Buyer shall have deposited into the Escrow all funds required to pay the Purchase Price and Buyer's share of pro-rations and closing costs.

iv. Buyer and Seller shall have executed a mutually acceptable Development Agreement, as discussed in Section 4.f above.

v. Buyer shall not otherwise be in material default in the performance of any of its obligations under this Agreement.

**11. Deliveries to Escrow Holder.**

a. Seller shall deliver or cause to be delivered to Escrow Holder by 5:00 P.M. on the last business day before the date of the Close of Escrow the following instruments and documents:

i. The Grant Deeds, in recordable form, duly executed and acknowledged by Seller.

ii. Counterpart originals of the Development Agreement as required by Section 4.f

iii. All original (or copies thereof in the event Seller does not possess originals) licenses and permits with respect to the Property and in the possession or control of the Seller or any of its representatives.

iv. Any other instruments and documents which Seller is obligated to execute and deliver into the Escrow under this Agreement.

b. Buyer shall deliver or cause to be delivered to Escrow Holder by 5:00 P.M. on the last business day before the Close of Escrow the following:

i. All sums that Buyer is required to deliver to Escrow Holder pursuant to Section 3.d to close the Escrow.

ii. Counterpart originals of the Development Agreement as required by Section 4.f.

iii. Evidence reasonably satisfactory to Seller that the person executing any documents at the Closing on behalf of Buyer has full right, power, and authority to do so.

iv. Any other instruments and documents which Buyer is obligated to execute and deliver into the Escrow under this Agreement.

**12. Termination.** Whenever (i) a party has the right to terminate this Agreement pursuant to an express provision of this Agreement, and notifies the other party of its election to terminate the Agreement, or (ii) this Agreement automatically terminates pursuant to an express provision of this Agreement, then:

a. This Agreement, the Escrow, and the rights and obligations of Buyer and Seller under this Agreement shall terminate except as otherwise expressly provided in this Agreement.

b. If neither Buyer nor Seller is in breach of this Agreement, each party shall be responsible to pay one-half of any cancellation charges payable to Escrow Holder and the Title Company.

c. Escrow Holder shall promptly return to Seller and Buyer all documents deposited by them into the Escrow, respectively.

d. Buyer and/or Buyer's Representatives (as such term is defined in Section 18 below) shall upon demand deliver to Seller all originals and copies of the Property Information Materials and all third party reports and studies obtained by Buyer and/or Buyer's Representatives (without warranty as to accuracy or completeness and subject to the rights of third party consultants preparing such reports).

e. If the Agreement is terminated for any reason other than a default by Buyer described in Section 16.b below, and Buyer is entitled to a return of its deposit under this Agreement, Escrow Holder shall immediately release the Deposit to Buyer (less one-half of any escrow cancellation charges, if applicable), and Seller shall immediately return to Buyer, any portion of the Deposit received by Seller. If Buyer is not entitled to the return of the Deposit, then Escrow Holder shall release the Deposit (or portion thereof then held by Escrow Holder) to Seller.

**13. Costs and Expenses.** The premium for the Title Policy shall be paid in accordance with the provisions of Section 9 above. The escrow fees of Escrow Holder shall be shared equally by Seller and Buyer. Seller shall pay all documentary transfer taxes payable with the recordation of the Grant Deed. Buyer and Seller shall each pay their own legal and professional fees and fees of other consultants incurred in connection with this transaction. All other costs and expenses shall be allocated between Buyer and Seller in the manner customary in the County, except the costs of performing the obligations of each party to this Agreement, which costs shall be borne solely by the party incurring such costs. The provisions of this Section 13 shall survive the Close of Escrow or a termination of this Agreement.

**14. Pro-rations and Credits.** The following items shall be prorated between Buyer and Seller as of the Close of Escrow based on the actual number of days in the calendar month in which the Close of Escrow occurs: General and special real property taxes and assessments with respect to the Property based upon the latest available tax information such that Seller shall be responsible for all such taxes and assessments levied against the Property to and including the

day prior to the Close of Escrow and Buyer shall be responsible for all such taxes and assessments levied against the Property from and after the date of the Close of Escrow.

**15. Disbursements and Other Actions by Escrow Holder.** Upon the Close of Escrow, Escrow Holder shall promptly undertake all of the following in the manner indicated:

a. Escrow Holder shall cause the Grant Deeds to be recorded in the Official Records of the County, together with any other documents that the parties hereto may mutually direct.

b. Escrow Holder shall hold and/or disburse all funds deposited with Escrow Holder by Buyer as follows:

i. Deduct all items chargeable to the account of Seller pursuant hereto;

ii. Subject to Section 15.c below, disburse to Seller the Purchase Price, less items deducted pursuant to Section 5.b.i above and less the Deposit released to Seller; and

iii. Deduct (and disburse) all items chargeable to the account of Buyer pursuant hereto and refund to Buyer any excess funds deposited by Buyer.

c. Escrow Holder shall direct the Title Company to issue the Title Policy (or, if applicable, the ALTA Policy) to Buyer.

d. Escrow Holder shall deliver to Buyer and Seller, originals of the executed counterparts of the documents and instruments deposited by the parties pursuant to Section 11 above, and copies of all recorded documents.

e. Escrow Holder shall deliver to Seller duplicate originals or copies (as the case may be) of all documents delivered to Buyer.

f. Escrow Holder shall provide Buyer and Seller with a closing statement.

**16. Default.**

a. SELLER'S DEFAULT. IF THE TRANSACTION CONTEMPLATED HEREUNDER SHALL FAIL TO CLOSE SOLELY BY REASON OF SELLER'S DEFAULT IN THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT (AS DISTINGUISHED FROM THE FAILURE OF A CONDITION TO CLOSING), AND SUCH DEFAULT IS NOT CURED WITHIN TEN (10) DAYS AFTER RECEIPT BY SELLER OF WRITTEN NOTICE THEREOF FROM BUYER, THEN BUYER SHALL HAVE AS ITS EXCLUSIVE REMEDIES THE RIGHT TO EITHER (i) TERMINATE THIS AGREEMENT (IN WHICH EVENT THE DEPOSIT SHALL IMMEDIATELY BE RETURNED TO BUYER), THE TERMINATION



PROVISIONS OF SECTION 12 SHALL APPLY, AND BUYER SHALL BE DEEMED TO HAVE WAIVED ANY RIGHT OR CLAIM TO DAMAGES FOR SELLER'S BREACH, OR (ii) SPECIFICALLY ENFORCE THIS AGREEMENT (BUT NO OTHER ACTION, FOR DAMAGES OR OTHERWISE, SHALL BE PERMITTED); PROVIDED THAT ANY ACTION BY BUYER FOR SPECIFIC PERFORMANCE MUST BE COMMENCED, IF AT ALL, WITHIN NINETY (90) DAYS OF SELLER'S DEFAULT, THE FAILURE OF WHICH SHALL CONSTITUTE A WAIVER BY BUYER OF SUCH RIGHT AND REMEDY. IF BUYER SHALL NOT HAVE COMMENCED AN ACTION FOR SPECIFIC PERFORMANCE WITHIN THE AFOREMENTIONED TIME PERIOD OR SO NOTIFIED SELLER OF ITS ELECTION TO TERMINATE THIS AGREEMENT, BUYER'S SOLE REMEDY SHALL BE TO TERMINATE THIS AGREEMENT IN ACCORDANCE WITH CLAUSE (i) ABOVE.

b. BUYER'S DEFAULT. IN THE EVENT THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT DOES NOT CLOSE DUE TO THE DEFAULT OF BUYER THAT IS NOT CURED WITHIN TEN (10) DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM SELLER SPECIFYING SUCH DEFAULT, THEN SELLER'S RETENTION OF THE DEPOSIT SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT, AT LAW OR IN EQUITY, FOR SUCH DEFAULT, SUBJECT TO THE PROVISIONS OF THIS AGREEMENT THAT EXPRESSLY SURVIVE A TERMINATION OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED TO LIMIT SELLER'S RIGHTS OR DAMAGES UNDER ANY INDEMNITIES GIVEN BY BUYER TO SELLER UNDER THIS AGREEMENT. SELLER AND BUYER HAVE DISCUSSED THE POSSIBLE CONSEQUENCES TO SELLER IN THE EVENT THAT THE ESCROW FAILS TO CLOSE AS A RESULT OF BUYER'S DEFAULT. SELLER AND BUYER HAVE DETERMINED AND HEREBY AGREE THAT IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX THE ACTUAL DAMAGES TO SELLER OCCURRING IN THE EVENT OF SUCH A BUYER DEFAULT UNDER THIS AGREEMENT. THE PARTIES, HAVING MADE DILIGENT BUT UNSUCCESSFUL ATTEMPTS TO ASCERTAIN THE ACTUAL COMPENSATORY DAMAGES SELLER WOULD SUFFER IN THE EVENT OF BUYER'S DEFAULT IN ITS OBLIGATION TO ACQUIRE THE PROPERTY IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT, HEREBY AGREE THAT A REASONABLE ESTIMATE OF SUCH DAMAGES IS AN AMOUNT EQUAL TO THE DEPOSIT, AND IN THE EVENT THIS TRANSACTION FAILS TO CLOSE DUE TO BUYER'S DEFAULT UNDER THIS AGREEMENT, SELLER SHALL BE ENTITLED TO RECEIVE AND RETAIN THE DEPOSIT AS FULLY AGREED LIQUIDATED DAMAGES. SELLER WAIVES ANY AND ALL RIGHT TO SEEK OTHER RIGHTS OR REMEDIES AGAINST BUYER, INCLUDING, WITHOUT LIMITATION, SPECIFIC PERFORMANCE. THE PAYMENT AND RETENTION OF THE DEPOSIT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO

CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. SELLER HEREBY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389. UPON ANY SUCH BREACH OR DEFAULT BY BUYER HEREUNDER, THIS AGREEMENT SHALL BE TERMINATED AND NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER, EACH TO THE OTHER, EXCEPT AS EXPRESSLY PROVIDED ABOVE. THE PARTIES AGREE THAT, UNDER THE CIRCUMSTANCES OF THIS TRANSACTION AND THE MARKETPLACE AT THE TIME HEREOF, THIS LIQUIDATED DAMAGES PROVISION IS REASONABLE AND IN ACCORDANCE WITH CALIFORNIA CIVIL CODE SECTION 1671.

\_\_\_\_\_  
SELLER'S INITIALS

\_\_\_\_\_  
BUYER'S INITIALS

**17. Entry Insurance Requirements.** The following shall constitute the "***Required Insurance Coverage***" of a party under the stated circumstance:

a. Prior to the entry on the Property during the term of this Agreement by Buyer or any of Buyer's Representatives' employees, contractors or agents, Buyer shall have obtained and make available at Seller's request certificate or certificates showing that (i) Buyer has in force a policy of comprehensive public liability insurance with liability coverage of at least One Million and No/100 Dollars (\$1,000,000.00) per occurrence for bodily injury and property damage, automobile liability coverage including owned and hired vehicles with a combined single limit of not less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence for bodily injury and property damage, and an excess umbrella liability policy of bodily injury and property damage in the amount of Five Million and No/100 Dollars (\$5,000,000.00), insuring Seller as an additional insured.

b. The foregoing insurance coverage shall be on an "occurrence form" and otherwise in such forms and with an insurance company reasonably acceptable to Seller, and each insurance policy may be cancelled only after at least thirty (30) days' prior written notice has been given by the insurer to each additional insured thereunder.

**18. Right of Entry.**

a. Buyer and Buyer's agents, representatives, consultants, contractors, subcontractors, lenders and investors (collectively, "***Buyer's Representatives***") shall have the right to enter upon the Property at all reasonable times during the term of this Agreement, in order to conduct such investigations, tests and studies as Buyer shall reasonably deem necessary (the "***Investigations***"), so long as such activities do not unreasonably damage the Property. Prior to Buyer's first entry onto the Property, Buyer shall deliver to Seller a certificate or certificates evidencing that the Required Insurance Coverage specified in Section 17 above has been obtained and is in effect. Buyer shall keep the Property free and clear of any mechanic's liens or materialmen's liens arising out of any such activities (and at Buyer's sole expense, Buyer shall immediately

discharge of record or bond around any such liens or encumbrances that are so filed or recorded, including, without limitation, liens for services, labor or materials furnished in connection with the activities of Buyer or Buyer's Representatives on the Property). Further, Buyer shall indemnify and hold Seller and Seller's Related Parties harmless from and against any and all claims, demands, causes of action, losses, damages, costs, liabilities and/or expenses (including, without limitation, attorneys' fees and disbursements) caused by Buyer or Buyer's Representatives in connection with any Investigations or other activities of Buyer or Buyer's Representatives taken with respect to the Property and/or any liens or encumbrances filed or recorded against the Property as a result thereof; provided, however, that notwithstanding the foregoing, in no event shall Buyer be responsible for any environmental conditions or latent defects existing on the Property and discovered by (but not caused or exacerbated by an act or knowing omission of) Buyer during the course of Buyer's investigation of the Property, or any acts or omissions of Seller or Seller's Related Parties. The foregoing obligation shall survive the Close of Escrow or termination of this Agreement.

b. During the term of this Agreement, Buyer shall:

i. Conduct any further Investigations of the Property deemed desirable by Buyer, however, such further Investigations shall not provide Buyer the right to terminate this Agreement unless a discovery made during such further Investigations constitutes a failure of a condition precedent to Close of Escrow as specified in Section 10.a of this Agreement.

ii. Fully comply with all laws applicable to the Investigations and all other activities undertaken in connection therewith.

iii. Notify and permit Seller to have a representative present during all Investigations undertaken hereunder.

iv. Take all actions and implement all protections reasonably necessary to ensure that the Investigations and the equipment, materials, and substances generated, used or brought onto the Property in connection with the Investigations pose no threat to the safety or health of persons or the environment and cause no damage to the Property or other property of Seller or other persons.

The foregoing obligations shall survive the Close of Escrow or a termination of this Agreement.

c. Without limiting the foregoing, in no event shall Buyer, without the prior written consent of Seller, which shall not be unreasonably withheld, conditioned or delayed, make any intrusive physical testing (environmental, geo-technical or otherwise) at the Property. Seller hereby consents to Buyer performing a Phase I Environmental Site Assessment, a Phase II Environmental Site Assessment if necessary and required, geotechnical borings, and soils sampling at the Property.

**19. Condemnation or Casualty Prior to Closing.** Seller shall promptly notify Buyer of any pending or threatened condemnation affecting the Property commenced prior to the Close of Escrow or any casualty affecting the Property prior to the Close of Escrow. If any such condemnation or casualty relates to or may result in the loss of any portion of the Property or access to the Property or would otherwise impact the Development Entitlements or if any casualty would increase the costs of the Buyer's development of the Property, at Buyer's election, either (i) this Agreement shall continue in effect, without delay or abatement of the Purchase Price, and, in the event Buyer purchases the Property under the terms of this Agreement, Buyer shall be entitled to any compensation, awards or other payments or relief resulting from such condemnation proceeding or insurance proceeds ("**Casualty Payments**") to the extent applicable to the Property; provided, however, that in the event such Casualty Payments are paid prior to the Close of Escrow, the Casualty Payments shall be payable to Seller with a credit towards the purchase price in the amount of the Casualty Payment provided to Buyer at the Close of Escrow, or (ii) Buyer may terminate this Agreement within ten (10) days after Buyer's receipt of notice of such condemnation or casualty, in which event the Deposit shall be immediately returned to Buyer and the termination provisions of Section 12 above shall apply. Buyer's failure to provide such notification shall be deemed Buyer's election to terminate pursuant to clause (ii) above. In the event of a condemnation or casualty prior to the Close of Escrow potentially resulting in the loss of any portion of the Property or damage thereto, if Buyer elects to continue with the purchase of the Property as described in clause (i) above Buyer shall be deemed to have made an acceptance and/or assumption of any and all obligations arising from that condemnation or casualty. The provisions of this Section shall survive the Close of Escrow.

**20. Brokers.** Both Parties represent that no broker is involved in this Agreement. In the event of any other claim for brokers' or finders' fees or commissions in connection with the negotiation, execution or consummation of this Agreement or the purchase and sale of the Property, then Buyer shall indemnify, save harmless and defend Seller from and against any such claim based upon the alleged statement, representation or agreement by Buyer, and Seller shall indemnify, save harmless and defend Buyer from and against any such claim based upon any alleged statement, representation or agreement by Seller. The provisions of this Section shall survive the Close of Escrow and any termination of this Agreement.

**21. Assignment.** Buyer may not assign or transfer its rights or obligations under this Agreement without the prior written consent of Seller, which consent, except as provided below, may be withheld by Seller in its sole and absolute discretion, and which may be conditioned upon such terms and conditions as Seller may require, in its sole and absolute discretion. Notwithstanding and without limiting the foregoing, no consent given by Seller to any transfer or assignment of Buyer's rights or obligations hereunder shall be deemed to constitute a consent to any other transfer or assignment of Buyer's rights or obligations hereunder and no transfer or assignment in violation of the provisions hereof shall be valid or enforceable. Subject to the foregoing, 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 hereto.

**22. Notices.** All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent by electronic mail, registered or

certified mail, postage prepaid, return receipt requested, delivered or sent by telecopy or reputable overnight courier (such as Federal Express) and shall be deemed received upon the earlier of (i) if personally delivered, the date of delivery to the address of the person to receive such notice, (ii) if mailed, four (4) business days after the date of posting by the United States post office, (iii) if given by telecopy, when sent or the following business day if sent on a non-business day, or (iv) if sent by reputable overnight courier (such as Federal Express), one (1) business day after deposit with the overnight delivery service. Any notice, request, demand, direction or other communication sent by telecopy must be confirmed within forty-eight (48) hours by letter mailed or delivered in accordance with the foregoing. The addresses of Buyer and Seller are as follows:

Buyer: Valley Agricultural Holdings, LLC  
2151 E. Convention Center Way, Suite 222  
Ontario, CA 92764  
Attn: Daniel Pocius  
Telephone: 909/354-8019  
E-Mail: [dustin@axiomadvisors.com](mailto:dustin@axiomadvisors.com)

Seller: City of Mendota  
643 Quince Street  
Mendota, CA 93640  
Attn: Cristian Gonzalez  
Telephone: 559/655-4298  
E-Mail: [Cristian@cityofmendota.com](mailto:Cristian@cityofmendota.com)

and to: Wagner Jones Helsley PC  
265 East River Park Circle, Ste. 310  
Attn: John P. Kinsey, Esq.  
Telephone: 559/233-4800  
Facsimile: \_\_\_\_\_

Refusal to accept delivery shall be deemed receipt.

**23. Required Actions of Buyer and Seller.** Buyer and Seller shall execute all instruments and documents and take all other actions that may be reasonably required in order to consummate the purchase and sale herein contemplated, and shall use commercially reasonable efforts to accomplish the Close of Escrow in accordance with the provisions hereof.

**24. Partial Invalidity.** 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.

**25. Waivers.** No failure or delay of either party in the exercise of any right or remedy given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified in this Agreement for exercise of such right or remedy has expired) shall constitute a waiver of any other or further right or remedy nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or any other right or remedy. No waiver by either party of any breach hereunder or failure or refusal by the other party to comply with its obligations hereunder shall be deemed a waiver of any other or subsequent breach, failure or refusal to so comply.

**26. Professional Fees.** In the event of the bringing of any action or suit by either party against the other by reason of any breach of any of the covenants, representations or warranties of the other party under this Agreement, the prevailing party shall be entitled to have and recover of and from the other party all costs and expenses of the action or suit, including, without limitation, actual attorneys' fees, accounting and engineering fees, and other professional fees resulting therefrom.

**27. Entire Agreement; Amendment.** This Agreement (including all exhibits attached hereto) is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof and supersedes all prior understandings with respect thereto. This Agreement may not be modified, changed, or supplemented, nor may any obligation hereunder be waived, except by written instrument signed by the party to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein. The parties do not intend to confer any benefit hereunder on any person, firm or corporation other than the parties hereto.

**28. Time Frames.** Unless otherwise indicated with respect to a requirement, all time frames for performance of an act required or permitted by this Agreement shall be calendar days. Time frames measured in months shall be calculated with reference to the actual number of days in the relevant months. Annual time frames shall mean a period of three hundred sixty-five (365) days, unless otherwise specified.

**29. Time of the Essence.** Time is of the essence with respect to each and every provision of this Agreement. Whenever any 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 next succeeding business day. As used herein, the term "business day" shall mean any day, other than a Saturday or Sunday, on which commercial banks in the State of California are not required or authorized to be closed for business.

**30. Construction of Agreement.** Headings at the beginning of each section and subsection of this Agreement are solely for the convenience of the parties and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same. Unless otherwise indicated, all references to sections and subsections are to

sections and subsections in this Agreement. All exhibits referred to in this Agreement are attached and incorporated by this reference.

**31. Third Parties.** Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement upon any other person other than the parties hereto and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third parties any right of subrogation or action over or against any party to this Agreement. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

**32. Counterparts.** 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.

**33. Effectiveness.** In no event shall any draft of this Agreement create any obligation or liability, it being understood that this Agreement shall be effective and binding only when a counterpart hereof has been executed and delivered by each party hereto. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between Buyer and Seller as to the subject matter hereof. No subsequent agreement, representation or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party, shall be of any effect unless it is in writing and executed by the party to be bound thereby. The preparation and/or circulation of a draft of this Agreement is not intended by either of the parties to constitute a binding agreement between them for the purchase or sale of the Property. The final form of this Agreement may or may not contain terms stated in any drafts of this Agreement, and/or may contain different terms and conditions not yet identified or discussed. Neither party may rely on any drafts of this Agreement as binding on either party in any way. The parties expressly agree that neither party is bound to engage in negotiations, or, once engaged, to continue such negotiations, each party reserving the right to terminate negotiations at any time and for any reason. Efforts by either party to perform due diligence, arrange or obtain financing, or carry out other acts in contemplation of the possible purchase and sale of the Property shall not be deemed evidence of any intent by either party to be bound by any letter of interest or similar document, or unexecuted and undelivered drafts of this Agreement. The performance by either party before the mutual execution and delivery of the final, mutually agreed upon form of this Agreement of any of the rights or obligations that may be included in drafts of this Agreement shall not be considered evidence of subsequent intent by either party to be bound by any letter of interest or drafts of this Agreement. In the event Buyer or Seller alleges that any unexecuted draft of this Agreement constitutes a binding agreement for the purchase or sale of the Property, or grants an interest in or claim to the Property, the alleging party shall be liable for the legal fees, costs and damages incurred as a result thereof.

**34. Survival of Obligations.** All of Buyer's and Seller's covenants, representations and warranties in Sections 7, 8, 13, 14, 19 and 20 of this Agreement shall survive the Close of Escrow for a period of one (1) year. Sections 22, 24, 34, 35, 36, 37, 38, and 39 shall survive this Agreement's termination for any reason. All other obligations of Seller or Buyer not expressly

stated to survive the Close of Escrow or not stated in the exhibit documents to be delivered upon the Close of Escrow shall be deemed discharged upon the Close of Escrow and the recordation of the Grant Deed.

**35. Limitation of Liability.** Except to the extent of distributions of the Deposit or the Purchase Price to such persons, no, officer, employee or agent of Seller or any Seller Related Parties shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to 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 Buyer and its successors and assigns and, without limitation, all other persons and entities, shall look solely to Seller's interest in the Property, for the payment of any claim or for any performance, and Buyer, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability. No shareholder, officer, employee or agent of Buyer shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter. This Section 34 shall survive the Close of Escrow or a termination of this Agreement.

**36. Waiver of Trial By Jury.** TO THE EXTENT PERMITTED BY LAW SELLER AND BUYER EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, OR FOR THE ENFORCEMENT OF ANY REMEDY IN CONNECTION HEREWITH.

**37. Choice of Venue.** EACH PARTY HERETO HEREBY AGREES THAT ALL ACTIONS TO ENFORCE THE TERMS AND PROVISIONS OF THIS AGREEMENT SHALL BE BROUGHT AND MAINTAINED ONLY IN A STATE OR FEDERAL COURT LOCATED IN FRESNO COUNTY, CALIFORNIA, AND EACH PARTY HERETO HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY SUCH COURT AND HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL DIRECTED TO THE OTHER PARTY AT THE ADDRESSES SET FORTH IN SECTION 22 ABOVE. EACH PARTY HEREBY EXPRESSLY WAIVES ANY AND ALL RIGHTS THAT IT MAY HAVE TO MAKE ANY OBJECTIONS BASED ON JURISDICTION OR VENUE TO ANY ACTION BROUGHT TO ENFORCE THIS AGREEMENT IN ANY SUCH COURT IN ACCORDANCE WITH THE ABOVE PROVISIONS.

**38. Governing Law.** The parties expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

**39. Indemnification.**



a. To the fullest extent permitted by applicable law, each Party will indemnify, hold harmless, release and defend the other Party, its officers, employees, and agents from and against any and all actions, claims, demands, damages, disabilities, fines, penalties, losses, costs, expenses (including consultants' and attorneys' fees and other defense expenses) and liabilities of any nature ("Losses") that may be asserted by any person or entity, to the extent arising out of that Party's performance or activities hereunder, including the performance or activities of other persons employed or utilized by that Party in the performance of this Agreement, excepting liabilities to the extent due to the negligence or willful misconduct of the indemnified party. This indemnification obligation will continue to bind the Parties after the termination or expiration of this Agreement.

b. Each indemnification under this Agreement and/or under any agreement or document executed and delivered pursuant to this Agreement shall survive the Close of Escrow and shall be subject to the following provisions: (a) the indemnitee shall notify the indemnitor of any such claim against the indemnitee within twenty (20) days after it has notice of such claim, but failure to notify the indemnitor shall in no case prejudice the rights of the indemnitee under this Agreement unless the indemnitor shall be prejudiced by such failure and then only to the extent of such prejudice; (b) without the prior written consent of the indemnitee, the indemnitor shall not enter into any settlement which (i) requires an admission of guilt, the payment of any funds or the performance of any obligation by the indemnitee, and (ii) does not include a full release of indemnitee; and (c) should the indemnitor fail to discharge or undertake to defend the indemnitee against such liability within twenty (20) days after the indemnitee gives the indemnitor written notice of the same, then the indemnitee may, upon fifteen (15) days' notice to the indemnitor, in good faith settle such liability, and the indemnitor's liability to the indemnitee shall be conclusively established by such settlement, the amount of such liability to include both the settlement consideration and the reasonable costs and expenses (including, without limitation, attorneys' fees and disbursements) incurred by the indemnitee in effecting such settlement. The indemnification obligations under this Agreement shall survive the Close of Escrow or a termination of this Agreement.

**40. Amendments.** The City Manager of Seller is authorized to sign on his or her own authority amendments to this Agreement which are of routine or technical nature, including extensions of time deadlines either requested by Buyer or occasioned by changes in City employees determined by the City Manager to be critical to the processing of the development contemplated by the Parties, except that the cumulative total of time extensions granted by the City Manager may not exceed one (1) year ("***Minor Amendments***"). Amendments not constituting Minor Amendments shall require approval of the City Council. The City Manager shall, after consultation with the City Attorney, have sole discretion to determine whether or not an amendment to this Agreement constitutes a Minor Amendment.

**41. Independent Legal Advice.** Each Party represents and warrants the following: that it has carefully read this Agreement, and in signing this Agreement and agreeing to be bound by the same, it has received independent legal advice from legal counsel as to the matters set

forth in this Agreement, or has knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement, and it has freely signed this Agreement and agreed to be bound by it without any reliance upon any agreement, promise, statement or representation by or on behalf of the other Party, or its officers, agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise. This Agreement shall be interpreted as though prepared jointly and severally by both of the Parties.

**42. No Recordation.** This Agreement shall not be recorded with the County of Fresno.

**IN WITNESS WHEREOF**, the parties have executed this Purchase and Sale Agreement and Joint Escrow Instructions as of the date first above written.

**SELLER:** \_\_\_\_\_

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

**BUYER:** \_\_\_\_\_

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

**CONSENT OF ESCROW HOLDER**

ESCROW HOLDER APPROVES THE ESCROW PROVISIONS AND SPECIFIC INSTRUCTIONS TO ESCROW HOLDER SET FORTH IN THE FOREGOING AGREEMENT AND AGREES TO ACT IN ACCORDANCE THEREWITH.

ORANGE COAST TITLE COMPANY

By: \_\_\_\_\_  
\_\_\_\_\_, Escrow Officer

Date: \_\_\_\_, 2019

**EXHIBIT "A"**

**LEGAL DEPICTION**

**EXHIBIT “B”**

**GRANT DEEDS**

[insert]

**EXHIBIT “C”**

**LEGAL DESCRIPTION**

[insert]

**BEFORE THE CITY COUNCIL  
OF THE  
CITY OF MENDOTA, COUNTY OF FRESNO**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MENDOTA APPROVING  
THE EXECUTION OF AN AGREEMENT TO  
PREPARE AN ENVIRONMENTAL DOCUMENT  
WITH WOOD ENVIRONMENT & INFRASTRUCTURE  
SOLUTIONS, INC.**

**RESOLUTION NO. 19-80**

**WHEREAS**, on November 9, 2018, the City of Mendota (City) issued a Request for Proposals (RFP) for the purchase and development of 59-acre parcel, A.P.N. 013-030-68ST (Property) located within the City's Commercial Cannabis Overlay District; and; and

**WHEREAS**, at a regular meeting of the Mendota City Council on February 12, 2019, after considering several proposals received in response to the RFP, the Council selected the Axiom Group (aka Valley Agricultural Holdings, LLC) to exclusively negotiate with the City for the purchase of the Property; and

**WHEREAS**, on June 25, 2019, the Council approved execution of an Agreement for Preparation of an Environmental Document and Related City Services with Axiom by which Axiom received the exclusive right to negotiate with the City for Property's purchase in exchange for its agreement to reimburse the City costs incurred in connection with its preparation, assessment, and approval of a complete draft and final environmental document, and the performance of any other work required or requested in connection with the environmental document or Axiom's development project; and

**WHEREAS**, in accordance with the requirements of the Mendota Municipal Code (MMC), Axiom has submitted an application for a Conditional Use Permit to develop over 800,000 square feet of the Property for permitted cannabis cultivation (Project);

**WHEREAS**, City staff is currently negotiating the terms of a development agreement with Axiom in connection with the Project;

**WHEREAS**, the California Environmental Quality Act, Public Resources Code § 21000 *et seq.* (CEQA) requires a lead agency to analyze the environmental impacts of a proposed development project prior to granting any discretionary approval for the project;

**WHEREAS**, the City has determined that it will be the lead agency for any environmental review required in connection with the discretionary approvals required for the Project;

**WHEREAS**, to comply with its obligations under CEQA, the City desires to retain a qualified environmental consultant to prepare an appropriate environmental document in accordance with the requirements of CEQA before its consideration of a development agreement for the Project;

**WHEREAS**, as authorized by the Agreement for Preparation of an Environmental Document and Related City Services between the City and Axiom, Axiom has selected, and the City has approved, Wood Environment & Infrastructure Solutions, Inc. (Wood) to perform the required environmental analysis for the Project;

**WHEREAS**, Wood is a qualified and competent environmental consultant with substantial experience analyzing environmental impacts associated with projects similar to the Project;

**WHEREAS**, staff has prepared an Agreement for Preparation of Environmental Document to retain Wood to perform the required environmental analysis in connection with the Project (Agreement), which is attached hereto as Exhibit "A" and incorporated herein by this reference;

**WHEREAS**, Wood has reviewed the Agreement and has agreed to execute it once approved by the City Council.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Mendota that the City Manager is hereby authorized and directed to execute the Agreement for Preparation of Environmental Document with Wood Environment & Infrastructure Solutions, Inc., attached hereto as Exhibit "A," subject to such minor revisions and clarifications as may be deemed appropriate by the City Manager in his discretion.

\_\_\_\_\_  
Robert Silva, Mayor

ATTEST:

I, Celeste Cabrera-Garcia, City Clerk of the City of Mendota, do hereby certify that the foregoing resolution was duly adopted and passed by the City Council at a regular meeting of said Council, held at the Mendota City Hall on the 22<sup>nd</sup> day of October, 2019, by the following vote:

**AYES:**  
**NOES:**  
**ABSENT:**  
**ABSTAIN:**

\_\_\_\_\_  
Celeste Cabrera-Garcia, City Clerk

# Exhibit A



## **AGREEMENT FOR PREPARATION OF ENVIRONMENTAL DOCUMENT**

This agreement is entered into as of the last date executed by all parties hereto (“Effective Date”) by and between the CITY OF MENDOTA, a political subdivision of the State of California (“City”), VALLEY AGRICULTURAL HOLDINGS, LLC (“Applicant”), and WOOD ENVIRONMENT & INFRASTRUCTURE SOLUTIONS, INC. (“Consultant”) (collectively, the “Parties”).

### **RECITALS**

A. The City is the public agency with land use and planning jurisdiction in the City of Mendota;

B. Applicant is proposing to purchase from the City certain real property located in the City’s Cannabis Overlay District (“Property”) and to develop 59-acres of the Property for the purpose of engaging in commercial cannabis cultivation and associated activities (“Project”);

C. The City has determined that the Project is subject to the California Environmental Quality Act, Public Resources Code § 21000 *et seq.* (“CEQA”), and intends to assume the role of lead agency;

D. The City has determined that it must prepare and circulate an environmental document for public comment to meet the requirements of CEQA (the “Environmental Document”); however, the City has not yet determined what type of Environmental Document will be required to comply with its environmental review obligations under CEQA;

E. Applicant desires to have the Environmental Document prepared in conformance with CEQA and desires to fund the costs incurred by the City to retain an environmental consulting firm that is fully qualified to perform the work required by this Agreement; and

F. Applicant and City have entered into an Agreement for Preparation of an Environmental Document and Related City Services, dated June 17, 2019, which is incorporated herein and attached hereto as Exhibit “A,” by which Applicant agreed, *inter alia*, to reimburse the City for costs incurred in connection with the preparation of the Environmental Document; and

G. City and Applicant have concurred on the selection of a consultant to prepare the Environmental Document. Using its independent judgment, the City has determined Consultant is a professional environmental consulting firm with extensive experience in the preparation of environmental documents under CEQA, and related documents, is in good standing with the City, and is prepared to undertake all necessary technical and analytical work required in conjunction with the Environmental Document, either directly or through the use of sub-consultants; and

H. City, Consultant, and Applicant desire to define rights and responsibilities regarding the preparation and management of the Environmental Document.

### **1. GENERAL PROVISIONS**

1.1 Scope of Work. All Parties shall abide by the rights and responsibilities set forth in the Scope of Work (“Work”), incorporated herein and attached hereto as Exhibit “B.” Any amendments to the Scope of Work subsequent to the execution of this Agreement shall be confirmed in writing by all Parties hereto.

## **2. CONSULTANT’S OBLIGATIONS**

2.1 Performance to Satisfaction of City. Consultant agrees to perform the Work to the complete satisfaction of City. Evaluations of the work will be done by the City Manager or his designee. If, in City’s sole and absolute discretion, the quality of work is not satisfactory, City may: (a) meet with Consultant to review the quality of the work and resolve the matters of concern; (b) require Consultant to repeat the work at no additional fee until it is satisfactory; and/or (c) terminate the Agreement as set forth herein.

2.2 Conflicts of Interest. Consultant and any of its sub-consultants shall employ no persons in connection with this Agreement who are officers, agents, or employees of City, the Applicant, or any affiliate, or any other local or regional public agency operating within the boundaries of the City of Mendota. Consultant represents that Consultant and its officers and employees have no present financial or other conflict of interest that would disqualify any or all of them from entering into or performing services under this Agreement. During the term of this Agreement, Consultant, its officers and employees shall not acquire any financial or other interest that would disqualify any or all of them from performing services under this Agreement. If Consultant does acquire any financial or other interest that would be disqualifying, Consultant shall immediately notify the City.

2.3 Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence, and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. Consultant also warrants that it is familiar with all laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Consultant’s performance of this Agreement.

2.4 Warranty. Consultant warrants that it shall perform the Work in compliance with all applicable federal and California employment laws, including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers’ compensation insurance and safety in employment; and all other federal, state, and local laws and ordinances applicable to the Work.

2.5 Non-discrimination. In performing the Work, Consultant shall not engage in, nor permit its agents or sub-consultants to engage in, discrimination in employment of persons because of their race, religion, color, national origin, ancestry, age, physical handicap, medical conditions, marital status, gender, sexual identity, or sexual orientation, except as permitted pursuant to section 12940 of the Government Code.

2.6 Confidentiality. Consultant's agents and employees may in the course of their duties have access to financial, accounting, statistical, and personnel data of private individuals and employees of City. Consultant covenants that all data, documents, discussion, or other information developed or received by Consultant or provided for performance of the Work are deemed confidential and shall not be disclosed by Consultant without written authorization from City. City shall grant such authorization if disclosure is required by law. All City data shall be returned to City upon termination of this Agreement. Consultant's covenant under this Section shall survive the termination of this Agreement.

2.7 Information Disclosure. Consultant shall have an ongoing obligation and commitment to City to disclose all information that is relevant to the environmental consequences of the Project and the preparation of the EIR. Consultant shall not omit or withhold any relevant information from City for any reason. Consultant shall require any sub-consultant(s) hired in connection with the performance of the Work to certify these same obligations and commitments to City as a condition of their contract or by signing a copy of this Agreement and shall provide a copy of such certification to City within ten (10) days of retaining such sub-consultant(s).

2.8 Work Product. Consultant acknowledges and agrees that all work product generated in connection with the performance of the Work belongs to City. City shall have the right to request copies of any and all correspondence, meeting schedules, minutes, and draft documents generated by Consultant, any sub-consultant(s), and the Applicant, in connection with the performance of the Work. Upon City's request, Consultant shall make available to City any and all field notes, resource documents, and supplemental technical studies used in the performance of the Work.

2.9 Accountability. Consultant's responsibility is to provide a complete and accurate Environmental Document. Consultant's accountability under this Agreement shall be solely to City, and not to Applicant or to any other person or entity.

2.10 Form and Content. Consultant shall draft the Environmental Document in accordance with CEQA, the state CEQA guidelines, relevant City technical study and content and report formats, and with the directions and specifications set forth by City. Consultant shall prepare an initial draft of the Environmental Document for review by the City and the Applicant. In each subsequent draft of any portion of the Environmental Document or its exhibits, Consultant shall disclose, in strikeout/underline format, any revisions made to the Environmental Document from the prior draft. Changes requested by any particular party shall specifically identify the party who requested the revision. Any party may request that a substantive revision be accompanied by a concise explanation. Consultant shall also provide a clean version of each iteration of the Environmental Document to the parties. All revisions to CEQA documents prior to submittal of the clean Draft Environmental Document for public review shall be maintained as a public record shown in strikeout/underline.

2.11 Meetings. Consultant shall not attend, or participate in, meetings (including email correspondence and conference calls) between Applicant and Consultant relating to the subject

matter of this Agreement, or the Work, including, but not limited to, discussion of substantive land use or environmental issues, unless a representative of the City is also in attendance or otherwise included. In the case of email or other electronic correspondence, Consultant and Applicant shall ensure that a representative of the City is copied on all communications between Applicant and Consultant. Consultant and Applicant shall provide City with reasonable notice of all meetings and conference calls between Consultant and Applicant, including the purpose for which the meeting is called and the topics to be discussed at the meeting, in writing at the earliest time possible and no less than two business days before the meeting. Upon receiving notice, City may, in its discretion, decline to attend or participate, in which case Consultant shall disclose to City in writing all substantive land use and environmental issues discussed and any decision made with respect to such issues.

2.12 Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the City's prior written consent. Consultant may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at Consultant's sole cost and expense.

### **3. APPLICANT'S OBLIGATIONS**

3.1 Reimbursement. Applicant shall reimburse the City for all costs incurred in connection with the performance of the Work in accordance with the terms and provisions of the Agreement for Preparation of an Environmental Document and Related City Services, by and between the City of Mendota and Valley Agricultural Holdings, LLC, dated June 17, 2019, incorporated herein and attached hereto as Exhibit "A."

3.2 Participation. Applicant shall not direct or participate in the preparation of the Environmental Document except to the extent that Applicant provides data and information required by Consultant and/or the City. Prior to the public release of any documents, Applicant shall have the right to review the documents only for technical accuracy and consistency with the Project description and purpose.

3.3 Confidentiality Agreements. Applicant shall not enter into any form of confidentiality agreement with Consultant or any sub-consultant(s) hired in connection with the Work.

### **4. CITY'S OBLIGATIONS**

4.1 Independent Review. In accordance with § 21082.1 of the Public Resources Code, it is the responsibility of City to provide its independent review and analysis of all documentation for the Project prepared and submitted by Consultant, and any sub-consultant(s). This independent review is undertaken for the benefit of the general public and is not intended to relieve Consultant of any of its responsibilities.

4.2 Evaluation and Notice. City, in consultation with Consultant, shall be responsible for independently evaluating the extent and detail of topic area discussions in the Environmental Document. City shall also be responsible for scheduling and providing the public notice for the

public meetings and hearings related to the Project, and for distributing the draft and final Environmental Document or other applicable CEQA document.

## **5. TERMINATION**

5.1 This Agreement shall expire upon any of the following: (a) the Project and the Environmental Document becomes final by decision of the authorized City decision maker, all appeal timelines have expired, and all legal challenges associated with the Project and/or the Environmental Document have been finally adjudicated; (b) the Project is withdrawn or denied and all appeal timelines have expired; or (c) written notice from City, Applicant, or Consultant to the other parties to this Agreement.

5.2 Notwithstanding expiration of this Agreement, all information and work product obtained or prepared prior to said expiration shall be disclosed to City pursuant to the disclosure requirements set forth herein. Expiration of the Agreement does not relieve the Parties of their responsibilities under the Agreement for activities that took place prior to the expiration date.

## **6. INSURANCE AND INDEMNIFICATION**

6.1 Minimum Scope and Limits of Insurance. Consultant shall obtain, maintain, and keep in full force and effect during the life of this Agreement all of the following minimum scope of insurance coverages with an insurance company admitted to do business in California, rated “A,” Class X, or better in the most recent Best’s Key Insurance Rating Guide, and approved by City:

(a) Commercial general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury or bodily injury with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or shall be twice the required occurrence limit.

(b) Business automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence for bodily injury and property damage.

(c) Workers’ compensation insurance as required by the State of California. Consultant agrees to waive, and to obtain endorsements from its workers’ compensation insurer waiving subrogation rights under its workers’ compensation insurance policy against the City, its officers, agents, employees, and volunteers arising from work performed by Consultant for the City and to require each of its subcontractors, if any, to do likewise under their workers’ compensation insurance policies.

(d) Professional errors and omissions (“E&O”) liability insurance with policy limits of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate. Architects’ and engineers’ coverage shall be endorsed to include contractual liability. If the policy is written as a “claims made” policy, the retro

date shall be prior to the start of the contract work. Consultant shall obtain and maintain, said E&O liability insurance during the life of this Agreement and for three years after completion of the Work.

6.2 Endorsements. The commercial general liability insurance policy and business automobile liability police shall contain or be endorsed to contain the following provisions:

(a) Additional insureds: “The City of Mendota and its elected and appointed boards, officers, officials, agents, employees, and volunteers and the Applicant are additional insureds with respect to: liability arising out of activities performed by or on behalf of the Consultant pursuant to its contract with the City; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; automobiles owned, leased, hired, or borrowed by the Consultant.”

(b) Notice: “Said policy shall not terminate, be suspended, or voided, nor shall it be cancelled, nor the coverage or limits reduced, until thirty (30) days after written notice is given to City.”

(c) Other insurance: “The Consultant's insurance coverage shall be primary insurance as respects the City of Mendota, its officers, officials, agents, employees, and volunteers. Any other insurance maintained by the City of Mendota shall be excess and not contributing with the insurance provided by this policy.”

(d) Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the City of Mendota, its officers, officials, agents, employees, and volunteers.

(e) The Consultant’s insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability.

6.3 Deductible or Self Insured Retention. If any of such policies provide for a deductible or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by City. No policy of insurance issued as to which the City is an additional insured shall contain a provision which requires that no insured except the named insured can satisfy any such deductible or self-insured retention.

6.4 Certificates of Insurance. Consultant shall provide to City certificates of insurance showing the insurance coverages and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement.

6.5 Non-limiting. Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

6.6 Indemnification and Hold Harmless. Consultant agrees to defend, indemnify, hold free and harmless the City and the Applicant, and their respective officers, agents, employees, and elected officials at Consultant’s sole expense, from and against any and all claims, actions,

suits or other legal proceedings brought against the City, its elected officials, officers, agents and employees arising out of the performance of the Consultant, its employees, and/or authorized subcontractors, of the work undertaken pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence or wrongdoing by the Consultant, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, errors, omissions or misconduct of the Consultant, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the City, its elected officials, officers, agents and employees based upon the work performed by the Consultant, its employees, and/or authorized subcontractors under this Agreement, whether or not the Consultant, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing, the Consultant shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the City. This provision shall supersede and replace all other indemnity provisions contained either in the City's specifications or Consultant's Proposal, which shall be of no force and effect.

## **7. MISCELLANEOUS PROVISIONS**

7.1 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Fresno County, California.

7.2 Attorney Fees. In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

7.3 Independent Contractor. Consultant is and shall be acting at all times as an independent contractor and not as an employee of City. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not, at any time, or in any manner, represent that it or any of its employees are in any manner agents or employees of City. Consultant shall secure, at its sole expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and its officers, agents, and employees, and all business licenses, if any are required, in connection with the performance of the Work. Consultant shall indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant further agrees to indemnify and hold City harmless from any failure of Consultant to comply with the applicable worker's compensation laws. City shall have the right to offset against the amount of any fees due Consultant under this

Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this paragraph.

7.4 Ownership of Documents. Consultant and Applicant agree that the Environmental Document, all findings, reports, documents, information, and data, including, but not limited to, computer tapes or discs, files and tapes furnished or prepared by Consultant or Applicant or any of their subcontractors in the course of performing the Work, shall be and remain the sole property of City. Consultant and Applicant agree that any such documents or information shall not be made available to any individual or organization without the prior written consent of the City. Consultant and applicant shall deliver to City any Environmental Document, finding, reports, documents, information, data, in any form, including but not limited to, computer tapes, discs, files, audio tapes, or any other Project-related items as required by City or its authorized representative, at no additional cost to City.

7.5 Amendments. Only a writing executed by the Parties hereto may amend this Agreement.

7.6 Waiver. The delay or failure of any Party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall waiver constitute a continuing waiver.

7.7 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstances such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstances.

7.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

7.9 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this agreement on behalf of said parties and that by doing so the parties hereto are formally bound to the provisions of this Agreement.

7.10 Entire Agreement. This Agreement contains the entire agreement of the Parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged herein.

7.11 No Third Party Beneficiaries. The Parties agree that no provision of this Agreement shall in any way inure to the benefit of any third-person so as to constitute any such person as a third-party beneficiary of this Agreement or of anyone or more of the terms thereof, or otherwise give rise to any cause of action in any person not a Party hereto.



7.12 No Joint Venture or Partnership. Nothing in this Agreement shall constitute a Joint Venture or Partnership among the Parties.

**8. NOTICE**

All notices or other communications given hereunder shall be in writing and delivered to be following addresses:

| <u>Address for Applicant:</u>  | <u>Address for the City:</u>  | <u>Address for Consultant:</u>  |
|--|---|---|
| Mr. Dustin Moore<br>Partner<br>Valley Agricultural Holdings,<br>LLC<br>[Address] | Mr. Cristian Gonzalez<br>City Manager<br>City of Mendota<br>643 Quince Street<br>Mendota, CA 93640                            | Mr. Mathew Buggert<br>CEQA Project Manager<br>Wood Environment &<br>Infrastructure Solutions,<br>Inc.<br>104 West Anapamu<br>Street, Suite 204A<br>Santa Barbara, CA<br>93101 |
| <b>With a Copy to:</b><br>[Attorney Contact Info]                                | <b>With a Copy to:</b><br>John P. Kinsey<br>Wanger Jones Helsley PC<br>265 E. River Park Circle, Ste. 310<br>Fresno, CA 93720 |   |

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized representatives, having full authority to so act for and on behalf of the parties hereto.

CITY

\_\_\_\_\_ Date \_\_\_\_\_  
Cristian Gonzalez  
City Manager  
City of Mendota

CONSULTANT

\_\_\_\_\_ Date \_\_\_\_\_  
Aaron Goldschmidt  
Vice President  
Wood Environment & Infrastructure Solutions, Inc.

APPLICANT

\_\_\_\_\_ Date \_\_\_\_\_

Dustin Moore

Partner

Valley Agricultural Holdings, LLC

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**AGENDA ITEM – STAFF REPORT**

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**TO:** HONORABLE MAYOR AND COUNCILMEMBERS  
**FROM:** NICOLAS R. CARDELLA, DEPUTY CITY ATTORNEY  
**VIA:** CRISTIAN GONZALEZ, CITY MANAGER  
**SUBJECT:** MENDOTA DESIGNATED LOCAL AUTHORITY  
**DATE:** OCTOBER 22, 2019

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**ISSUE**

Should the City Council take action to assist the Mendota Designated Local Agency (“Mendota DLA”) to pay for its administrative expenses?

**BACKGROUND**

**Redevelopment and Dissolution**

The California Legislature enacted the Community Redevelopment Act (Act) in 1945. The Act permitted cities and counties to set up redevelopment agencies (RDAs) in order to assist local governments in eliminating blight through development, reconstruction, and rehabilitation of residential, commercial, industrial, and retail districts. The Act was codified in 1951 and made part of the California Constitution, as well as the Health and Safety Code. The Act declared the policy of the state “to protect and promote the sound development and redevelopment of blighted areas within this State and the general welfare of the inhabitants of the communities in which they exist by remedying such injurious conditions through the employment of all means appropriate for that purpose. . .”

The most important component of the Act was that it gave authority to local governments to use future increases in property taxes to subsidize or pay for current infrastructure and improvements. Known as “tax increment financing,” this authority made it possible for local governments to pay for infrastructure improvements, site acquisition, real estate development and rehabilitation projects and other activities to support the revitalization of the redevelopment project area.

However, in 2011, responding to state fiscal concerns, the California Legislature passed and Governor Jerry Brown signed into law two bills that effectively dissolved all California RDAs. Although the new laws were challenged in court as unconstitutional, they were ultimately upheld by the California Supreme Court in *California Redevelopment Assn v. Matosantos* (2013) 53 Cal.4th 231. Subsequently, RDAs were dissolved and their assets and operations transferred to “successor agencies,” which were tasked with carrying out the enforceable obligations of the former RDAs, such as repaying outstanding debts of the former redevelopment agency, and disposing of the former redevelopment agency’s non-housing property and assets.

The dissolution law designated the city or county that authorized the creation of the former RDA as the default successor agency. However, the local governmental body was permitted to decline the responsibility of becoming the successor agency, in which case a public body referred to as a “designated local authority” (DLA), consisting of a three-member, volunteer board, was appointed by the Governor to assume the duties of the successor agency until such time as a local agency elects to take on the role. Of the approximately 400 redevelopment agencies that had been formed under the Act, only seven authorizing cities or counties declined to become the successor agency. One of these was the City of Mendota (City).

### **The Mendota Designated Local Authority**

As a result of the City’s decision not to become the successor agency, the Mendota DLA was formed and a three-member board of directors was appointed by the Governor’s Office. The California Department of Finance (DOF) retained Kosmont Companies (Kosmont) to provide staff support to six of the seven DLAs, including the Mendota DLA. In that capacity, Kosmont is tasked with administering pre-existing RDA contractual obligations, reserves management, enforcement of former RDA rights to protect and benefit bondholders, and preparation of administrative budgets and Recognized Obligation Payment Schedule (ROPS), as well as other dissolution tasks and requirements.

The DLA took over all of the obligations of the former Mendota RDA, including its \$7,245,000 Mendota Redevelopment Project No. 1 1994 Tax Allocation Bonds (Bonds). Under the dissolution law, the DLA is obligated to repay the Bonds and other enforceable obligations of the former Mendota RDA using property tax revenue that would have been allocated to the former Mendota RDA. Enforceable obligations are only paid if they are on a ROPS. Each successor agency is required to annually prepare and adopt a ROPS that lists all enforceable obligations of the former RDA for a twelve-month period. For the Mendota DLA, however, all available property tax revenue has been used to pay debt service on the Bonds, leaving no money for other enforceable obligations, or for administrative costs. Even so, there has not been enough property tax revenue to pay all of the principal and interest due on the Bonds.

For example, for the period July 2018 to June 2019, the DOF approved the DLA’s ROPS for an amount of \$2,579,997, to pay principal and interest on the Bonds, but only \$937,949 in property tax revenue was received by the DLA. According to public disclosures for the Bonds, they are currently in default, and have been for several years. Because there is insufficient revenue to cover the principal and interest payments on the Bonds, no funds are available to cover the Mendota DLA’s staffing costs.

Consequently, DOF stepped in and began paying for Kosmont’s administration of the DLA. However, in July, DOF announced that it would cease its funding of the Mendota DLA’s administration. Following this announcement, the Mendota DLA’s two remaining board members indicated that they would resign if the DLA is unable to secure funding to cover its administrative costs. (The third board member deceased several years ago, leaving the DLA board with the bare minimum required for a quorum.)

Subsequently, DOF officials approached staff at the City and Fresno County (County) to consider loaning funds to the DLA in the amount of \$30,000 to cover its administrative costs for 2020. According to DOF, a loan in this amount would ensure staffing for the DLA so that the DLA would be able to prepare a 2020 ROPS, which is necessary so that payment on the Bonds can be made with the DLA's property tax revenue. DOF also encouraged that the City and County alternatively consider assuming the duties of a successor agency. In this scenario, the City or County would assume the responsibility to manage the former Mendota RDA's bonds, as well as administrative tasks such as preparing the annual ROPS and distributing approved payments.

According to DOF and Kosmont, if neither the City nor County loans funds as requested by the DOF, or elects to become the successor agency, then, beginning on January 1, 2020, the DLA will have no staff to prepare a ROPS. Without a ROPS, the DLA will be unable to pay the Bonds, and property taxes allocated to the DLA would be distributed to other local taxing agencies with jurisdiction over the former Mendota RDA's project area. If this occurs, the bond trustee will likely be forced to commence litigation to protect the bondholders and recover the money due to them from the County and/or the local taxing agencies.

Notably, the City has no legal obligation either to make a loan to the Mendota DLA, or to assume the responsibility of becoming the successor agency. Additionally, if the DLA is unable to make payments on the Bonds, the City will not be liable to the bondholders. According to the Official Statement for the Bonds, they "are not a debt of ... the State of California or any of its political subdivisions, and neither ... the State of California nor any of its political subdivisions is liable for the payment thereof. In no event shall the Bonds or any interest or redemption premium thereon be payable out of any funds or properties other than those of the [Mendota RDA, or the DLA]." Thus, as a political subdivision of the State of California, the City cannot be held liable if the bonds are not repaid.

However, once the former RDA's enforceable obligations are repaid, the property tax revenue that had previously gone to paying servicing those debts would then be available for distribution to local taxing agencies, such as the City. Based on conservative estimates from DOF and Kosmont, the bonds could realistically be paid off within 10 years. At that time, assuming no material change in circumstances, the City would begin to receive an additional \$160,000 per year in tax revenue.

At the County's Board of Supervisors meeting on October 15, 2019, the County decided that it would not make a loan to the Mendota DLA and would not elect to become the successor agency. Consequently, if the City does nothing, then the ROPS will not be filed and the bondholders will not be repaid.

Kosmont and DOF have cautioned against this outcome. According to Kosmont, if the ROPS are not filed, then the bond trustee would be forced to initiate litigation to protect the bondholders. If this occurs, the bonds would continue to go unpaid until the litigation is

resolved, and the City could potentially be ordered to return any additional tax revenue it received as a result of the DLA's failure to distribute tax revenue to the bondholders. Alternatively, if the bonds are paid off, then the City will begin receiving the approximately \$160,000 per year in tax revenue free from the uncertainty arising from bond-related litigation.

Additionally, it is important to note that the City received a loan from the former RDA of approximately \$300,000 to pay for an expansion of City Hall. As a result, the City is required to make payments on the loan each December. Generally, these loan payments consist of approximately \$10,000 in principal, plus approximately \$6,000 in accrued interest, for a total payment of approximately \$16,000. This fact is significant because DOF has authorized the DLA to use money received from the City's debt payments to pay for its administrative expenses. Thus, so long as the City continues to pay its debt, a portion of the DLA's administrative costs will be covered; however, because the DLA's estimated administrative costs are approximately \$30,000 per year, there would still be a funding gap of approximately \$14,000 if the City were to make only the minimum required payment on its debt for 2019.

It should also be noted that even if the Mendota DLA receives sufficient funding to cover its administrative expenses, its board of directors only has two members, and both are uncompensated volunteers. This has made it very difficult for the DLA to conduct its business, as the unavailability of a one board members prevents the presence of a quorum. Moreover, because the DLA's board members are unpaid volunteers and are required to file annual Form 700s, the DLA has been unable to locate a replacement for the deceased board member.

### **ANALYSIS**

In light of the above, staff has identified the following options for the Council's consideration:

1. Direct staff to bring a future item before the Council that would authorize the City to make a \$30,000 loan to the Mendota DLA for the 2020 calendar year to cover its staff costs;
2. Direct staff to prepare a resolution electing to have the City serve permanently as the successor agency for the former Mendota RDA;
3. Direct staff to bring a future item before the Council by which the City would agree to increase its 2019 debt payment from the minimum amount, approximately \$16,000, to \$30,000 (or some lesser amount) to cover all (or a portion of) the Mendota DLA's staff costs;
4. Invite members of the City Council to volunteer to serve on the Mendota DLA board; or
5. Take no action

**Option 1 – Direct staff to bring a future item before the Council that would authorize the City to make a \$30,000 loan to the Mendota DLA for the 2020 calendar year to cover its staff costs**

Given that the City is already required to make payments on the loan it received from the former RDA, and that this money can be used to pay for the DLA’s administrative expenses, it would not make sense to make a loan to the DLA. The interest earned on the loan to the DLA would likely be outweighed by the interest accruing on the City’s debt, and the City is required to service the debt in any event. Therefore, if the Council is inclined to offer financial assistance to the DLA, staff would not recommend that the Council pursue Option 1.

**Option 2 – Direct staff to prepare a resolution electing to have the City serve permanently as the successor agency for the former Mendota RDA.**

Although the City lacks the resources and expertise necessary to perform the functions of a successor agency, the City could retain Kosmont to continue performing this function, and could, acting as the successor agency, allocate its debt payments to pay for Kosmont’s administrative services. Additionally, because the City Council would become the board for the successor agency if the City elected to assume that responsibility, this would resolve the DLA’s difficulty in securing a quorum for the transaction of business. However, because the City’s debt payments would be insufficient to fully cover the cost of Kosmont’s services, the \$14,000 funding gap would still need to be resolved, either in the form of an increased debt payment or in the form of a loan to the DLA. For the reasons explained above, staff would not recommend making a loan. Therefore, if Council favors this option, staff would recommend that Council also direct staff to pursue Option 3.

**Option 3 – Direct staff to bring a future item before the Council by which the City would agree to increase its 2019 debt payment from the minimum amount, approximately \$16,000, to \$30,000 (or some lesser amount) to cover all (or a portion of) the Mendota DLA’s staff costs.**

The City is required to make payments on its debt to the former RDA. Those payments amount to approximately \$16,000 per year, and can be used to pay for the DLA’s administrative expenses. Therefore, if the City resolves to increase its 2019 payment to \$30,000, it will pay off its debt more quickly while also ensuring sufficient funding for the DLA to continue operation. This process could be repeated in future years until the bonds are paid off and tax revenue is available to pay the DLA’s administrative expenses, which is estimated to occur within 10 years. Once the bonds are paid off the City would begin receiving approximately \$160,000 in tax revenue that would have otherwise gone to bondholders.

Alternatively, the City could increase its debt payment to a lesser amount. Based on staff’s discussions with Kosmont, the DLA would be able to cover its administrative expenses until July 2020 if the City were to increase its December debt payment from \$16,000 to \$20,000. This

would allow the DLA to continue to operate in the near-term, but it would likely require additional funds around mid-2020.

**Option 4 – Invite members of the City Council to volunteer to serve on the Mendota DLA board.**

Given the difficulty occasioned by the DLA’s inability to locate replacement board members, Kosmont has requested that the City consider having a City Council member serve on the DLA board. If a Councilmember is willing to volunteer, staff would recommend that arrangements be made for the DLA to commence the appointment process with the Governor’s Office, unless the Council is inclined to pursue Option 2, in which the entire City Council would become the successor agency board.

**Option 5 – Take no action.**

According to Kosmont, if the ROPS are not filed, then the bond trustee would be forced to initiate litigation to protect the bondholders. If this occurs, the bonds would continue to go unpaid until the litigation is resolved. Either the City would not receive the additional tax revenue that would result from the bonds being paid off, or, if it did, that money would be subject to a claim by the bondholders. Although the City would not have any liability in connection with the DLA’s failure to repay the bondholders, it could be ordered to return any money it received that should have been distributed to the bondholders.

Based on the foregoing, staff would recommend that the Council pursue Options 3 and 4 and direct staff to bring a future item before the Council by which the City would agree to increase its 2019 debt payment from the minimum amount, approximately \$16,000, to \$30,000 (or some lesser amount) to cover all (or a portion of) the Mendota DLA’s staff costs and to invite members of the City Council to volunteer to serve on the Mendota DLA board

**RECOMMENDATION**

Based on the foregoing, staff would recommend that the Council pursue Options 3 and 4 and:

1. Direct staff to bring a future item before the Council by which the City would agree to increase its 2019 debt payment from the minimum amount to (a) \$20,000 or (b) \$30,000 to cover the Mendota DLA’s 2020 administrative costs, and
2. Invite Councilmembers to volunteer to serve on the Mendota DLA board.

**FISCAL IMPACT**

Staff’s recommendation would entail a fiscal impact in 2019 of between \$4,000 and \$14,000, depending on how much of the DLA’s administrative costs the City decides to cover with an increased debt payment. The remainder of the \$30,000 requested would not affect the City’s budget, as the City is already liable to pay its debt to the former RDA in the amount of approximately \$16,000 per year. Although staff’s proposal covers only 2020 expenses, similar



impacts should be expected in future years until the bonds are repaid and tax revenue is available to pay for the DLA's administrative costs. However, the impact on the City's budget would be offset after approximately 10 years once the bonds have been repaid and the tax revenue that was previously distributed to bondholders is distributed to the City, which is estimated to be approximately \$160,000 assuming no material change in circumstances.

**Attachment(s):**

None

Grant Information

| Grant Name   | Application Due Date | Award Date      | Agency:<br>Federal/State/County/<br>Private | Pass-thru | Matching | Award Amount    | Purpose of Grant   | Notes   | Comments by Council or Staff |
|--|----------------------|-----------------|---|-----------|----------|-----------------|--|---|------------------------------|
| Per Capita Grant Program                                 | 6/3/2019             | Late Summer '19 | State                                       | N         | N        | TBD             | Local park rehabilitation, creation and improvement grants                             | One-time basis  |                              |
| Tobacco Grant Program                                    | 7/12/2019            | 9/30/2019       | State                                       | NA        | N        | \$ 89,909.00    | Tobacco Ordinance, Retailers Compliance Checks and Community Outreach                  | Reimbursement Grant   | Reapply 20/21 cycle          |
| California Aid to Airports Program                       | 7/31/2019            | 10/31/2019      | State                                       | N         | N        | \$ 10,000.00    | Annual credit grant to fund operational costs at the airport                           |   |                              |
| National Fitness Campaign 2020                           | 8/1/2019             | 10/1/2020       | Private                                     | N         | Y        | \$ 30,000.00    | Fitness Court  | Applying for grant in conjunction with Prop.68                      |                              |
| Proposition 68 - Parks                                   | 8/5/2019             | 12/31/2019      | State                                       | NA        | N        | \$ 7,839,960.00 | New Construction of Community Center and Park Recreation Features                      | Reimbursement Grant   |                              |
| Rubberized Pavement Grant Program                        | 10/3/2020            | 12/31/2020      | State                                       | N         | N        | up to \$350,000 | City-wide street projects for FY 20/21   |   |                              |
| Access to Historical Records: Archival Projects          | 10/3/2019            | 7/1/2020        | Federal                                     | N         | Y        | \$ 95,907.00    | Digitize public records and make freely available online                               |   |                              |
| SB 2 Planning Grant Program                              | 11/30/2019           | TBD             | State                                       | N         | N        | up to \$160,000 | Update planning documents and processes of housing approvals/production                |   |                              |
| Beverage Container Recycling City/County Payment Program | 12/17/2019           | 2/28/2020       | State                                       | N         | N        | \$ 5,000.00     | Litter prevention and cleanup; Public education promoting beverage container recycling | If you don't expend the full \$5,000.00, you must repay CalRecycle. |                              |

Key: Applied for Grants

In process

Approved

Potential Grant Opportunities

| Grants   | Priority by Council | Application Due Date   | Agency   | Matching | Award Amount      | Purpose of Grant   | Comments by Council or Staff  |
|--|---------------------|------------------------|----------|----------|-------------------|--|---|
| Tire-Derived Product Grant Program                                     |                     | TBD                    | State    | TBD      | up to \$150,000   | Landscape Projects or Playground Projects with tire-derived products   |   |
| Clean, Safe and Reliable Drinking Water                                |                     | Open                   | State    | TBD      | TBD               | Planning grant for water storage: pressure booster and water quality   |   |
| Community Facilities Direct Loan & Grant Program                       |                     | TBD                    | Federal  | TBD      | TBD               | Construction of Police Department  |   |
| Community Facilities Direct Loan & Grant Program                       |                     | Open                   | Federal  | TBD      | TBD               | Construction of Animal Control Facility  |   |
| Walmart Community Grant  |                     | 12/31/2019             | Private  | N        | up to \$5,000     | Quality of life; Community and economic development; Public Safety; Environmental  |   |
| Proposition 68 - Parks   |                     | TBD                    | State    | N        | up to \$8,000.00  | Improvements to Mendota Pool Park  |   |
| Community Development Grants   |                     | TBD - Eligible in 2020 | County   | TBD      | TBD               | Construct or improve public facilities such as senior centers, parks, playgrounds, community center  | Eligible for funding in FY 20/20.   |
| Clean Green Yard Machines: Commercial                                  |                     | TBD                    | District | TBD      | TBD               | Replacement of landscaped maintenance equipment  |   |
| New Alternative Fuel Vehicle Purchase                                  |                     | TBD                    | District | TBD      | up to \$20,000    | Purchase a new alternative fueled vehicles (Electric, Plug-in Hybrid, CNG,LNG)   |   |
| Airport Improvement Plan Grant   |                     | TBD                    | State    | TBD      | TBD               | Improvements to Airport  | Need to complete a NEPA for the pre-application process; Cost Estimate is \$30,000. This item would need to be budgeted for FY 20/21 and the next funding round will be FY 20/22. |
| Caltrans Sustainable Transportation Grant                              |                     | 10/11/2019             | State    |          |                   | Local and regional multimodal transportations and land use planning projects to further the region's RTP SCS.  | City will apply for this type of grant when population reaches 25,000 or above.   |
| CMAQ & STBG Programs   |                     | TBD                    | Federal  | TBD      | TBD               | Paving alley way   |   |
| Consolidated Rail Infrastructure and Safety Improvements Grant Program |                     | 10/18/2019             | Federal  | Yes      | TBD               | Projects that address congestion challenges, highway-rail grade crossings, upgrade short-line railroad infrastructure, relocate rail lines, improve intercity passenger rail capital assets.                   | City would need to have a letter of support or MOU from the property owner, Union Pacific Railroad  |
| Recreational Trails and Greenways Grant Program                        |                     | 10/11/2019             | State    | TBD      | up to \$4,000,000 | Projects must provide non-motorized infrastructure development and enhancements that promote new or alternate access to parks, waterways, outdoor recreational pursuits, and forested or natural environments. | Technical Assistance will be Thursday, Sept. 26   |