

NOTICE

COMPTON CITY COUNCIL AGENDA Tuesday, July 19, 2016 5:30 PM

HEARING(S)

5:40 P.M. - PUBLIC HEARING - URBAN WATER MANAGEMENT PLAN

**6:00 P.M. PUBLIC HEARING - TO RECEIVE PUBLIC COMMENTS
REGARDING FIREWORKS PROGRAMS**

6:15 P.M. PUBLIC HEARING - MASTER FEE SCHEDULE (Item 5 #)

OPENING

MOMENT OF SILENCE

ROLL CALL

INTRODUCTION OF SPECIAL GUESTS

COMMENDATORY RESOLUTIONS/PRESENTATIONS

1. PRESENTATION - ERIC FRANCIS BOYD ACKNOWLEDGEMENT OF HIS
SERVICES TO THE COMPTON COMMUNITY - Mayor Aja Brown

PUBLIC COMMENTS ON AGENDA ITEMS AND NON-AGENDA MATTERS

CONSENT AGENDA

Consent items are routine and expected to be non-controversial. They will be acted upon by the Council at one time without discussion unless a Council Member requests an item be removed or discussed.

APPROVAL OF MINUTES

2. July 5, 2016

REPORTS OF OFFICERS AND COMMISSIONS

END CONSENT AGENDA

REGULAR AGENDA

REPORTS OF OFFICERS, BOARDS, COMMISSIONS AND COMMITTEES AND CITY COUNCIL

3. APPOINTMENT(S) OF OFFICERS, COUNCIL MEMBERS, BOARDS/COMMISSIONS AND COMMITTEES

DESIGNATION OF VOTING DELEGATES AND ALTERNATES
FOR THE LEAGUE OF CALIFORNIA CITIES ANNUAL
CONFERENCE (October 5-7, 2016)

CITY MANAGER'S REPORT

4. A REQUEST FOR CONTINUANCE OF HEARING TO DISCUSS AND ADOPT THE MASTER FEE SCHEDULE FOR THE CITY OF COMPTON
5. Bishop Leroy Guillory - Ombudsman International Inc. (Report on Gang Intervention Program)

CITY ATTORNEY'S REPORTS

CLOSED SESSION

6. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Castillo, et al VS City of Compton, et al, - Case No. 16CV02863 DMG(KS)
Pursuant to California Government Code Section 54956.9(d)(1)

UNFINISHED BUSINESS

7. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMPTON GRANTING A FRANCHISE TO TORRANCE PIPELINE COMPANY LLC TO OPERATE, INSTALL, MAINTAIN, REPLACE, REMOVE AND/OR REPAIR PIPELINES AND APPURTENANCES FOR THE TRANSPORTATION OF OIL, HYDROCARBON SUBSTANCES, REFINED PETROLEUM PRODUCTS INCLUDING CATHODIC PROTECTION FACILITIES, NECESSARY OR CONVENIENT FOR THE GRANTEE'S BUSINESS WITHIN THE JURISDICTION OF THE CITY OF COMPTON **(Second Reading)**

NEW BUSINESS

8. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON IMPLEMENTING A FISCAL TRANSPARENCY AND ACCOUNTABILITY POLICY INCLUDING CITY CONTROLLER DUTIES, CONSISTENT WITH ARTICLE VII AND ARTICLE XIV OF THE CITY CHARTER
9. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT AND ISSUE A PURCHASE ORDER TO MELVINNA SHARP FOR TRANSCRIPTION AND PREPARATION OF MEETING MINUTES OF THE CITY'S LEGISLATIVE BODIES AND SPECIALIZED ELECTRONIC SERVICES FOR FISCAL YEAR 2016-2017 (\$35,500)
10. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH C. H.A.N.G.E. FOUNDATION FOR GRAFFITI REMOVAL SERVICES FOR FISCAL YEAR 2016-2017 ON AN URGENT NEED BASIS
11. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO LEGAL SERVICES RETAINER AGREEMENTS FOR FISCAL YEARS 2016-2017 AND 2017-2018 TO ASSIST THE CITY ATTORNEY
12. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON DECLARING THE RESULTS OF A SPECIAL MUNICIPAL ELECTION IN THE CITY OF COMPTON HELD IN THE CITY ON JUNE 7, 2016
13. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON ADOPTING THE TITLE VI PROGRAM UPDATE PURSUANT TO THE CIVIL RIGHTS ACT OF 1964 AND AUTHORIZING THE CITY MANAGER TO SUBMIT THE REPORT TO THE FEDERAL TRANSPORTATION ADMINISTRATION
14. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO GATEWAY CITIES COUNCIL OF GOVERNMENTS (GCCOG) FOR THE PURPOSE OF PAYING THE ANNUAL MEMBERSHIP FEE, THE I-710 CORRIDOR ENVIRONMENTAL IMPACT REPORT/ENVIRONMENTAL IMPACT STATEMENT (EIR/EIS) REPORT FEE AND THE SR-91/I-605/I-405 MAJOR CORRIDOR STUDY FEE FOR FISCAL YEAR 2016-2017 (\$87,116.68)
15. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO THE STATE WATER RESOURCES CONTROL BOARD FOR ANNUAL WASTE DISCHARGE FEES FOR THE PUBLIC WORKS DEPARTMENT (\$35,342)

16. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ALL STAR INTERPRETING SERVICE FOR PROVISION OF SPANISH LANGUAGE INTERPRETATION AND TRANSLATION SERVICES FOR CITY'S LEGISLATIVE BODIES FOR FISCAL YEAR 2016-2017 (\$35,000)
17. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMPTON AMENDING SECTIONS 9-10.1 AND 9-10.12 OF CHAPTER IX OF THE COMPTON MUNICIPAL CODE RELATIVE TO CLARIFICATION OF THE TERM "GAMES" AND SUBJECTING INTERNET POKER REVENUES TO THE LICENSING FEES DUE THE CITY
18. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON REFUNDING OF A PORTION OF BOND INDEBTEDNESS HERETOFOR ISSUED BY THE COMPTON PUBLIC FINANCE AUTHORITY AND NOW OUTSTANDING; TO PROVIDE FOR THE ISSUANCE OF REFUNDING BONDS BY THE COMPTON PUBLIC FINANCE AUTHORITY TO FINANCE, IN WHOLE OR PART, THE COST OF THE UNDERTAKING NOW CONTEMPLATED; TO AUTHORIZE THE FORMS OF AND DIRECTING THE EXECUTION AND DELIVERY OF THE SITE LEASE, THE FACILITY LEASE, TO AUTHORIZE THE USE OF AN ESCROW DEPOSIT AGREEMENT; TO AUTHORIZE THE PREPARATION, USE AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE SALE OF THE SERIES 2016 BONDS; AND FOR OTHER PURPOSES

APPROVAL OF WARRANTS

COUNCIL COMMENTS

ADJOURNMENT

NEXT REGULAR MEETING: Tuesday, July 26, 2016 @ 5:30 PM.

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July 19, 2016

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: CITY ATTORNEY

SUBJECT: PUBLIC HEARING: FIREWORKS IN THE CITY OF COMPTON

SUMMARY:

A public hearing to discuss the City of Compton's current fireworks program has been scheduled for July 19, 2016 City Council Meeting.

BACKGROUND:

Currently, the Compton Municipal Code (Chapter 22-2) authorizes the City of Compton to issue permits for Charitable organizations to sell safe and sane fireworks in the City. Up to 12 successful lottery participants can receive the permit to sell fireworks for two years in celebration of the July 4th holiday. The charitable organizations agree to use the net proceeds derived from its operations under the license for the benefit of the City of Compton.

STATEMENT OF THE ISSUE:

Every year after the July 4th holiday, City Council is faced with several complaints from residents regarding the noise and smoke associated with the citizens fireworks participation. Various proposals have been articulated to City Council from continuing with our current system, instituting a complete ban or creating a city sponsored fireworks presentation and banning the public use of Safe and Sane fireworks. City Council scheduled this public hearing for further public discussion.

RECOMMENDATION:

Staff recommends that the public hearing go forward in order to receive further public comments on the issue of fireworks in the City of Compton.

JULY 5, 2016

The City Council meeting was called to order at 5:38 p.m. in the Council Chambers of City Hall by Mayor Aja Brown. The Pledge of Allegiance and Moment of Silence ceremonies were also led by Mayor Aja Brown.

ROLL CALL

Council Members Present: Zurita, McCoy, Sharif, Brown
Council Members Absent: Galvan

Other Officials Present: C. Cornwell, A. Godwin, R. Haley

5:35 P.M. - PUBLIC HEARING - TRANSPORTATION OF PETROLEUM PRODUCTS AND OIL (Item #4)

On motion by Zurita, seconded by McCoy, the public hearing was opened at 5:39 p.m., by the following vote on roll call:

AYES: Council Members - Zurita, McCoy, Sharif, Brown
NOES: Council Members - None
ABSENT: Council Members - Galvan

Glen Kau, Director of Public Works, presented the following staff report via PowerPoint presentation.

SUMMARY

Adoption of this ordinance will grant a twenty-five (25) year franchise (i.e. August 5, 2016 through August 4, 2041), to Torrance Pipeline Company, LLC to operate, install, maintain, replace, remove and/or repair pipelines and appurtenances for the transportation of oil, hydrocarbon substances, refined petroleum products including cathodic protection facilities necessary or convenient for the Grantee's business situated within the jurisdiction of the City of Compton.

BACKGROUND

A primary method of transporting petroleum, both in its crude and refined varieties is via pipelines that traverse beneath various roadways. Section 1501 of the Compton City Charter provides that any person, firm or corporation furnishing the City or its inhabitants with any public utility or service, or using the public streets, ways, alleys or places for the operation of plants, works or equipment for the furnishing thereof or traversing any portion of the City for the transmitting or conveying of any such service elsewhere may be required by ordinance to have a valid and existing franchise.

On April 24, 1979, the City Council adopted Ordinance No. 1,581, which granted a twenty-five (25) year (April 24, 1979 through April 23, 2004), petroleum pipeline franchise to Mobil Oil Corporation (currently known as ExxonMobil Oil Corporation – "ExxonMobil"). Presently, this franchise has been recognized as being in hold-over status. A second petroleum pipeline franchise was granted to Mobil Oil Corporation by Ordinance No. 1,903, adopted by the City Council on July 20, 1993. This Ordinance granted a franchise retroactively effective as of July 7, 1991, with an initial term of five (5) years and an option for Mobil Oil Corporation and the City to extend the franchise for four (4) additional five (5) year terms. The City Council has adopted the extension resolutions as follows:

1. Initial Term: 07/07/1991 thru 07/06/1996 Ordinance No. 1,903
2. Extension #1: 07/07/1996 thru 07/06/2001 Resolution No. 18,347
3. Extension #2 07/07/2001 thru 07/06/2006 Resolution No. 20,272
4. Extension #3 07/07/2006 thru 07/06/2011 Resolution No. 22,838

STATEMENT OF ISSUE

ExxonMobil entered into a Sale and Purchase Agreement with PBF Holding Company, LLC (“PBF”) to purchase the assets covered by both Franchise Ordinance No. 1581 and Franchise Ordinance No. 1903. The pipelines will be owned by Torrance Pipeline Company, LLC (“Torrance Pipeline”) and Torrance Logistics Company, LLC (“Torrance Logistics”) will be the operator. PBF is the parent company of Torrance Pipeline and Torrance Logistics. City staff recommends and Torrance Pipeline desires to combine both preexisting franchise Ordinances – Nos. 1,581 and 1,903 – into one (1) franchising ordinance for a term of twenty-five (25) years; effective August 5, 2016 through August 4, 2041; to eliminate confusion, maximize efficiencies and minimize administrative costs.

Key provisions of the proposed franchise ordinance are as follows:

Term: The new franchise shall be effective August 5, 2016 and expire on August 4, 2041.

Franchise Fees: The base annual fee shall be approximately Seventy Nine Thousand One Hundred Fifteen Dollars and Fifty-Two Cents, (\$79,115.52). The fees shall vary based on adjustments with the Annual Consumer Price Index (“CPI”), but in no case shall a year’s payment be less than the preceding one.

The pipeline routes and facilities are listed on “Exhibit A,” attached hereto and incorporated herein.

In accordance with Section 1502 of the Compton City Charter, on June 14, 2016, the City Council adopted Resolution No. 24,354, declaring its intention to grant the proposed franchise to Torrance Pipeline Company, LLC and fixing a date, time and place when any persons having any interest therein or objection to the granting of the franchise may appear before the City Council and be heard thereon. A duly noticed, public hearing was conducted before the City Council on July 5, 2016.

FISCAL IMPACT

Torrance Pipeline has indicated its willingness to abide by all terms and conditions of the proposed Franchise Ordinance. This recommended ordinance includes an updated franchise combining both of the existing Ordinances. The proposed fee schedule is consistent with the Franchise Ordinance provisions currently held with the City. The proposed annual compensation base will result in revenue to the General Fund in the amount of \$79,115.52 for Fiscal Year 2016-2017 and will be adjusted annually by the CPI. The Ordinance provides that annual payments will be due and payable on July 1st of every year.

RECOMMENDATION

Staff recommends that the City Council adopt the attached Resolution.

PUBLIC COMMENTS ON THE PUBLIC HEARING

Heron Carillo, Compton resident, asked that staff present a summary of the staff report in layman's terms.

Mr. Kau stated that any private entity that wishes to provide or deliver a service that passes through a city or agency is required to pay for a franchise agreement. The franchise states 1) the conditions as to how the entity is allowed to operate and maintain its infrastructure or delivery of services, and 2) ensures that said service does not create or present any health or additional concerns. Additionally per various regulating agencies, the franchise fee to be paid is calculated and determined so that it is fair and equitable to both sides.

Joyce Kelly, Compton resident, asked the members of the City Council to address the following: is this franchise agreement new or existing, how many oil pipelines are going through the City of Compton, and have those pipelines been maintained or is the City obligated to take care them.

Mr. Kau remarked that this is an existing franchise agreement with Mobile Exxon which is set to expire tomorrow and PBF will be the new holding company or owner. And in regards to how the pipeline is operated and maintained, Mr. Kau confirmed that, that would be up to the new holder of the franchise agreement, if granted. Mr. Kau also noted that while they may cross through city streets, oil pipelines have their own easements granted around those pipelines so that there is no co-existence near water due to the nature of what could potentially happen. The purpose of this item, he continued, is to clear up two prior franchise agreements and combine them into one, since there is a new owner taking over the company.

Lynn Boone, Compton resident, argued that \$79,000 is not enough money to compensate a city of 100,000 residents for pipelines running through their city. She further suggested that Council conduct a comprehensive study on this item and increase the dollar amount the City receives.

On motion by Zurita, seconded by Sharif, the public hearing was closed at 5:54 p.m., by the following vote on roll call:

AYES: Council Members - Zurita, McCoy, Sharif, Brown

NOES: Council Members - None

ABSENT: Council Members – Galvan

COUNCIL COMMENTS ON THE PUBLIC HEARING

Mayor Brown instructed Mr. Kau to confirm whether or not staff conducted a comparative analysis on the franchise fees charged by other cities. Mr. Kau confirmed that the rate is established by pipe sizes and the \$1.60 linear foot of pipe price which is the same rate charged by the city of Carson for franchise agreements.

Terri Shindi, Torrance Pipeline representative, also noted that by combining the two franchise agreements they were able to bring the rate up to a more current rate which is an increase of \$13,000 annually.

Mayor Brown questioned whether or not a provision exists within this agreement that states that the City's rate will increase if the rate increases in another area. Ms. Shindi answered that there is no such provision within this existing franchise agreement but that it does include a CPI adjustment.

Mayor Brown inquired about franchise agreements with other cities. Ms. Shindi confirmed that they have an agreement with Carson and that the majority of their franchise agreements use the \$1.60 at a cubic foot.

Councilperson Sharif inquired about the person responsible for maintaining the pipelines and if the City Council is supposed to receive updates on maintenance and operations. Ms. Shindi answered that the operator will be Torrance Logistics and the pipelines will be owned by Torrance Pipeline Company. Additionally, Ms. Shindi stated that they are regulated by the California State Fire Marshall to ensure that they meet both state and federal requirements for pipeline operations. Ms. Shindi further suggested that staff contact the Fire Marshall with any questions regarding any and all pipelines.

Councilperson Sharif inquired about the frequency of those updates. Ms. Shindi stated that they are required to test the pipelines every five years and then report to the State Fire Marshall.

Mayor Brown inquired about the approximate year that the \$1.60 was negotiated. Ms. Shindi answered that the franchise agreement was made in the mid-1990s and includes the escalation clause.

Mayor Brown instructed staff to verify the rate.

#2.

PUBLIC COMMENTS ON AGENDA ITEMS AND NON-AGENDA MATTERS

Kyron Kopanos, Compton resident, petitioned the citizens and elected officials to work together. She also suggested that the City raise its franchise agreement fees with oil companies.

Hollis Smith, Compton resident, professed how proud he is of his son for carrying on his legacy.

David Irons, Compton resident, made comments about the process of naming streets after citizens that have contributed to the City of Compton.

Marjorie Shipp, Compton resident, articulated her support for a ban on the use of fireworks in the City of Compton.

Valera Dudley, Compton resident, conveyed her support for a ban on the use of fireworks in the City of Compton.

Father Francisco, invited the members of the City Council to support the new Parks and Recreation “Summer Soccer League” coming Saturday, July 9, 2016 at Kelly Park. The program will be open to all youth ages 5 to 13.

Herbert Arceneaux, Compton resident, demanded that the City Council tell him who gave the authorization for the construction of the building on Rosecrans near Chester and Santa Fe Avenue.

Councilperson Sharif asked the City Manager to find out whether or not the property referenced by Mr. Arceneaux is owned by the City and if the City Council voted to deny construction on that site.

Leroy Guillory, Compton resident, recognized 16 year-old Isaiah Cooper for his accomplishments in aviation. He further urged the City Council to continue maximizing the goodness and greatness that is coming out of the City of Compton.

Maria Villa Real, Compton resident, commended Councilperson Sharif on the way in which she presented the Business to Business Roundtable to the business community. She went on to tell Naja Ali that his use of racial remarks during a press conference works for both Latino Americans and African Americans.

Heron Carillo, Compton for Bernie representative, commented on his travels to the Nevada Caucus and nearby cities to encourage citizens to exercise their right to vote. He went on to solicit donations from anyone interested in assisting them to put Compton on the map politically and democratically. He also suggested an increase in the franchise fee rate to Exxon Mobile Company.

Joyce Kelly, Compton resident, stated that she recalls the City of Compton and Compton Community College hosting a fireworks show together. She went on to contend that there is nothing for the youth to look forward to, and that nothing was held for the City's birthday or the Fourth of July, but yet the City Council voted to name a slide after Oscar De La Hoya. She professed that she was disappointed in Councilperson McCoy for voting to change the name of the slide at Lueders Park when she told her that she would not.

Lynn Boone, Compton resident, made reference to Item No. 5 and questioned the logic in leasing two buses for \$3,000 while two buses are being repaired. She also asked the City Council to address when the City created an Ombudsman position for \$25,000. She further stated that on May 27, 1975 Doris Davis declared that she wanted to dedicate the pool and slide area at Lueders Park to William Love who died while in office. Ms. Boone argued that it was wrong for this Body to go against the wishes of the mayor at that time and rename the slide anyway.

Councilperson Zurita asked the City Attorney to find the policy that regulates the naming of facilities. Additionally, she asked the City Manager to find the resolution that names the pool and swim area after the late former councilperson William Love within the next 72 hours.

Councilperson Zurita conceded that the re-naming of the pool and swim area was wrong and asked for a full investigation.

CONSENT AGENDA

On motion by Zurita, seconded by McCoy, the Consent Agenda was approved, by the following vote on roll call:

AYES: Council Members - Zurita, McCoy, Sharif, Brown

NOES: Council Members - None

ABSENT: Council Members - Galvan

APPROVAL OF MINUTES

1. JUNE 28, 2016 (Approved)

CITY MANAGER/CITY ATTORNEY/CITY TREASURER REPORTS

2. INVESTMENT REPORT - May 2016 (Received/Filed)

END CONSENT AGENDA

REGULAR AGENDA

CITY MANAGER'S REPORT

3. A REQUEST TO SCHEDULE A PUBLIC HEARING TO RECEIVE PUBLIC COMMENTS REGARDING FIREWORKS PROGRAMS FOR THE CITY OF COMPTON (July 19, 2016 at 6:00 p.m.)

It was motioned by Zurita, seconded by McCoy, for discussion.

Councilperson Zurita asked that the public hearing include a stipulation that enforces the laws against illegal fireworks.

Councilperson Sharif thanked the City Manager and staff for bringing this item forward. She inquired about a previous joint venture between the fireworks companies, the Fire Department and the Sheriff's Department to confiscate illegal fireworks.

On motion by Zurita, seconded by McCoy, the public hearing was scheduled for Tuesday, July 19, 2016 at 6:00 p.m., by the following vote on roll call:

AYES: Council Members - Zurita, McCoy, Sharif, Brown

NOES: Council Members - None

ABSENT: Council Members - Galvan

CITY ATTORNEY'S REPORTS - There were no City Attorney Reports.

UNFINISHED BUSINESS - There was no Unfinished Business.

#2.

NEW BUSINESS

4. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMPTON GRANTING A FRANCHISE TO TORRANCE PIPELINE COMPANY LLC TO OPERATE, INSTALL, MAINTAIN, REPLACE, REMOVE AND/OR REPAIR PIPELINES AND APPURTENANCES FOR THE TRANSPORTATION OF OIL, HYDROCARBON SUBSTANCES, REFINED PETROLEUM PRODUCTS INCLUDING CATHODIC PROTECTION FACILITIES, NECESSARY OR CONVENIENT FOR THE GRANTEE'S BUSINESS WITHIN THE JURISDICTION OF THE CITY OF COMPTON (First Reading)

On motion by Zurita, seconded by Sharif, to waive the reading of the ordinance, by the following vote on roll call:

AYES: Council Members - Zurita, McCoy, Sharif, Brown

NOES: Council Members - None

ABSENT: Council Members - Galvan

Glen Kau, Director of Public Works, confirmed the \$1.60 franchise fee rate charged by the city of Carson.

Mayor Brown requested a report on the franchise fee rates charged by the surrounding cities and that the City Controller weigh in on the matter.

On motion by Zurita, seconded by Sharif, "**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMPTON GRANTING A FRANCHISE TO TORRANCE PIPELINE COMPANY LLC TO OPERATE, INSTALL, MAINTAIN, REPLACE, REMOVE AND/OR REPAIR PIPELINES AND APPURTENANCES FOR THE TRANSPORTATION OF OIL, HYDROCARBON SUBSTANCES, REFINED PETROLEUM PRODUCTS INCLUDING CATHODIC PROTECTION FACILITIES, NECESSARY OR CONVENIENT FOR THE GRANTEE'S BUSINESS WITHIN THE JURISDICTION OF THE CITY OF COMPTON (First Reading)**" was placed on first reading by title only, by the following vote on roll call:

AYES: Council Members - Zurita, McCoy, Sharif, Brown

NOES: Council Members - None

ABSENT: Council Members - Galvan

5. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A TRANSIT VEHICLE LEASE AGREEMENT WITH MV TRANSPORTATION, INC. FOR A MONTH-TO-MONTH LEASE OF TWO TRANSIT VEHICLES FOR USE IN PROVIDING FIXED ROUTE TRANSIT SERVICES PURSUANT TO THE TRANSIT AGREEMENT AND ISSUE A PURCHASE ORDER IN AN AMOUNT NOT TO EXCEED \$50,000

It was motioned by Zurita, seconded by McCoy, for discussion.

Councilperson Zurita requested the age of the vehicles.

Glen Kau, Director of Public Works, confirmed that these vehicles are used for fixed route transit and are five to seven years old.

Councilperson Zurita inquired about the absence of bus drivers a couple of weeks ago and the grant funds used to purchase the buses.

Mr. Kau commented that Public Works provides the drivers for the Renaissance bus line and that staff had a consultant helping them look for grants and eligible grant opportunities during the 2015-2016 fiscal year.

On motion by Zurita, seconded by McCoy, **Resolution # 24,380** entitled "**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A TRANSIT VEHICLE LEASE AGREEMENT WITH MV TRANSPORTATION, INC. FOR A MONTH-TO-MONTH LEASE OF TWO TRANSIT VEHICLES FOR USE IN PROVIDING FIXED ROUTE TRANSIT SERVICES PURSUANT TO THE TRANSIT AGREEMENT AND ISSUE A PURCHASE ORDER IN AN AMOUNT NOT TO EXCEED \$50,000**" was approved, by the following vote on roll call:

AYES: Council Members - Zurita, McCoy, Sharif, Brown

NOES: Council Members - None

ABSENT: Council Members - Galvan

APPROVAL OF WARRANTS - There were no warrants to be approved.

COUNCIL COMMENTS

Councilperson Zurita offered the following communications/announcements:

- Commented on the success of the Evers and Spruce Street Fourth of July Block parties.
- "3rd Annual Autism Adventure Swim Club" is held every Saturday morning from 9 a.m. to 10:30 a.m. at Gonzales Park.
- Requested a detailed report on the actual start date of the Sebrie Park rehabilitation.
- Acknowledged former councilperson Pat Moore, Judge Kelvin Filer, and Board member Marjorie Shipp in the audience.
- Advised the community members to be cautious of people who exhibit unstable behavior.
- Asked the City Manager to verify whether or not staff is utilizing the list of caterers approved by the City Council to work at the Dollarhide Community Center.
- Inquired about lifeguard uniforms for the swimming pool attendants.
- Professed that it is illegal for the City to create a job description for Latino Americans and further maintained that it is unlawful to stipulate a language requirement on a position unless it is for the purposes of translation.
 - **Mayor Brown** explained to Councilperson Zurita that the request was for a Spanish speaker. She made note that there are many positions in many cities that request and require Spanish speakers especially those that interface with the public.
- Affirmed that there is no shortage of Latino American city employees, and that there were no issues regarding race until the new people came to Compton.
- Congratulated Isaiah Cooper on his accomplishments in aviation.
- Sent her prayers to the family of the young lady whose hand was amputated due to a fireworks related incident.

Councilperson McCoy offered the following communications/announcements:

- Asked the City Manager to find out whether or not the cameras at Burrell MacDonald Park captured any footage illustrating how the little girl lost her hand.
- "Third District Townhall Meeting" will be held Wednesday, July 14, 2016 at Burrell MacDonald Park.

#2.

- A Free Movie in the Park is being offered to the residents on Friday, July 22, 2016 at Burrell McDonald Park beginning at 7 p.m.
- Declared that she stuck by her word and did not vote to change the name of the William Love pool at Lueders Park but agreed to name the slide.
- Instructed the City Manager to update her on the maintenance of the properties at Matthesen and Compton Boulevard and Baron and Compton Boulevard.
- Participated in the Bennett Street Block Club Fourth of July Block Party.

Councilperson Sharif offered the following communications/announcements:

- Maintained that she does not and did not support the renaming of the William Love pool and slide at Lueders Park.
- Commented on the success of the Quarterly Business-to-Business Roundtable last Wednesday. Thanked the City Manager and staff, Michelle Chambers, Jessica Torres, Lieutenant Ash and Detective Cloud for their presentations.
- “Fourth District Community Townhall Meeting” will be held Wednesday, July 13, 2016 at 6 p.m. at Kelly Park.
- "First Annual Senior Summer Luau" will be held Friday, July 15, 2016 from 11 a.m. to 2 p.m. at the Dollarhide Community Center. For more information please call (310) 605-5688.
- Inquired about the audit performed by the National Resource Network Study.
 - **City Manager Haley** confirmed that the report is in her email.
- Asked the City Manager to address whether or not Work It Productions and Digital Media reimbursed the City for the Memorial Day event hosted at Wilson Park.
 - City Manager Haley stated that the promoters were billed for the Memorial Day event and the City plans on meeting with them to address payment.
- Inquired about the process used to remove campaign signs.
 - City Manager Haley answered that Public Works staff has been requested to remove all appropriate signs.
- Instructed the City Manager to bring back an item for discussion that details the parameters in which the Spanish speaking liaison will be working with the City Council.
 - **Mayor Brown** asked the City Manager to schedule a council workshop to discuss this issue as well as the results of the National Resource Network.
- Contended that there is no need to schedule a workshop to discuss this issue and requested that the item be brought back next week.

Meeting adjournment

Linda Day, daughter of former councilperson Lillie Dobson

Mayor Brown offered the following communications/announcements:

- Congratulated Ferraro's on the Hill on becoming the second "Choose Health L.A." restaurant in the City of Compton.

- Young Ladies Empowerment Initiative Orientation will be held Saturday, July 23, 2016 from 9 a.m. to 2 p.m. For more information on how you can register for this event visit the City's website.
- Compton My Brother's Keeper (MBK) Young Men's Empowerment and Peace Summit" will be held July 29-31, 2016. Registration is now open.
- "Kaboom! Playground Design Day" will be held Wednesday, July 20, 2016. Design time is 4 p.m. for the youth and 5 p.m. for adults. RSVP at (562) 817-0822.
- Announced the passing of Measure P with 6,833 votes (50.8%).

Meeting adjournment

Grady Wilcox, former city employee

ADJOURNMENT

On motion by Sharif, seconded by McCoy, the meeting was adjourned at 7:20 p.m. in memory of **Linda Day** and **Grady Wilcox**, by the following vote on roll call:

AYES: Council Members - Zurita, McCoy, Sharif, Brown

NOES: Council Members - None

ABSENT: Council Members - Galvan

City Clerk of the City of Compton

Mayor of the City of Compton

JULY 19, 2016

TO: HONORABLE MAYOR AND COUNCIL MEMBERS
FROM: ROGER L. HALEY, CITY MANAGER
**SUBJECT: A REQUEST FOR CONTINUANCE OF HEARING TO DISCUSS AND
ADOPT MASTER FEE SCHEDULE FOR THE CITY OF COMPTON**

SUMMARY

A hearing has been scheduled for July 12, 2016 for the Mayor and City Council to discuss and take public input into proposed Citywide fees. I am requesting that the hearing be continued to July 19, 2016 so that analysis and recommendations on the various fee rates can be completed.

BACKGROUND

During FY 16, the Mayor and Council authorized staff to proceed with a consultant review of all fees and services charges collected by City departments. The intent of the study was to determine if City fees and charges were set at rates sufficient to recover the costs of providing the related City services. Under State law, cities are allowed to recoup the full cost of providing special services via fees and service charges.

Willdan Financial Services was contracted to conduct the study. The results of its review were submitted to the City in March, 2016. In most cases, Willdan concluded that City fees and charges were much lower than the cost of providing related services. However, Willdan did not provide recommendations on what the fee rates should be. Fee and service charges should logically be set based on local need and Mayor and Council policy. Therefore, department heads and key staff were requested to review the Willdan results and submit to the City Manager their recommendations on each individual fee rate. That analysis has not been completed and, therefore, I am requesting that tonight's hearing be continued to July 19, 2016. That should provide staff sufficient time to complete its review of each fee and provide my office an opportunity to review their recommendations and adjust them as needed.

#4.

FINANCIAL IMPACT

The financial impact to City revenues should the Mayor and Council adopt the proposed fee adjustments will be significant. I cannot at this time provide you with an estimate of potential new revenue; that estimate will be discussed on July 19, 2016.

RECOMMENDATIONS

It is recommended that the July 12, 2016 hearing to discuss fee adjustments and adopt a Master Fee schedule be continued to July 19, 2016 at 6:15 p.m.

ROGER L. HALEY

CITY MANAGER

rh/bt

July 19, 2016

TO: MAYOR AND CITY COUNCIL MEMBERS

**FROM: GLEN W.C. KAU, P.E., DIRECTOR
PUBLIC WORKS/MUNICIPAL UTILITIES**

SUBJECT: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMPTON GRANTING A FRANCHISE TO TORRANCE PIPELINE COMPANY LLC TO OPERATE, INSTALL, MAINTAIN, REPLACE, REMOVE AND/OR REPAIR PIPELINES AND APPURTENANCES FOR THE TRANSPORTATION OF OIL, HYDROCARBON SUBSTANCES, REFINED PETROLEUM PRODUCTS INCLUDING CATHODIC PROTECTION FACILITIES, NECESSARY OR CONVENIENT FOR THE GRANTEE'S BUSINESS WITHIN THE JURISDICTION OF THE CITY OF COMPTON

SUMMARY

Adoption of this ordinance will grant a twenty-five (25) year franchise (i.e. August 5, 2016 through August 4, 2041), to Torrance Pipeline Company, LLC to operate, install, maintain, replace, remove and/or repair pipelines and appurtenances for the transportation of oil, hydrocarbon substances, refined petroleum products including cathodic protection facilities necessary or convenient for the Grantee's business situated within the jurisdiction of the City of Compton.

BACKGROUND

A primary method of transporting petroleum, both in its crude and refined varieties is via pipelines that traverse beneath various roadways. Section 1501 of the Compton City Charter provides that any person, firm or corporation furnishing the City or its inhabitants with any public utility or service, or using the public streets, ways, alleys or places for the operation of plants, works or equipment for the furnishing thereof or traversing any portion of the City for the transmitting or conveying of any such service elsewhere may be required by ordinance to have a valid and existing franchise.

On April 24, 1979, the City Council adopted Ordinance No. 1,581, which granted a twenty-five (25) year (April 24, 1979 through April 23, 2004), petroleum pipeline franchise to Mobil Oil Corporation (currently known as ExxonMobil Oil Corporation – "ExxonMobil"). Presently, this franchise has been recognized as being in hold-over status.

A second petroleum pipeline franchise was granted to Mobil Oil Corporation by Ordinance No. 1,903, adopted by the City Council on July 20, 1993. This

#7.

**Staff Report – Ordinance Granting Franchise
Torrance Pipeline Company, LLC (Petroleum Products)
July 19, 2016, Page 2 of 3**

Ordinance granted a franchise retroactively effective as of July 7, 1991, with an initial term of five (5) years and an option for Mobil Oil Corporation and the City to extend the franchise for four (4) additional five (5) year terms. The City Council has adopted the extension resolutions as follows:

1. Initial Term: 07/07/1991 thru 07/06/1996 Ordinance No. 1,903
2. Extension #1: 07/07/1996 thru 07/06/2001 Resolution No. 18,347
3. Extension #2 07/07/2001 thru 07/06/2006 Resolution No. 20,272
4. Extension #3 07/07/2006 thru 07/06/2011 Resolution No. 22,838
5. Extension #4 07/07/2011 thru 07/06/2016 Resolution No. 23,341

STATEMENT OF ISSUE

ExxonMobil entered into a Sale and Purchase Agreement with PBF Holding Company, LLC (“PBF”) to purchase the assets covered by both Franchise Ordinance No. 1581 and Franchise Ordinance No. 1903. The pipelines will be owned by Torrance Pipeline Company, LLC (“Torrance Pipeline”) and Torrance Logistics Company, LLC (“Torrance Logistics”) will be the operator. PBF is the parent company of Torrance Pipeline and Torrance Logistics.

City staff recommends and Torrance Pipeline desires to combine both pre-existing franchise Ordinances – Nos. 1,581 and 1,903 – into one (1) franchising ordinance for a term of twenty-five (25) years; effective August 5, 2016 through August 4, 2041; to eliminate confusion, maximize efficiencies and minimize administrative costs.

Key provisions of the proposed franchise ordinance are as follows:

Term: The new franchise shall be effective August 5, 2016 and expire on August 4, 2041.

Franchise Fees: The base annual fee shall be approximately Seventy Nine Thousand One Hundred Fifteen Dollars and Fifty-Two Cents, (\$79,115.52). The fees shall vary based on adjustments with the Annual Consumer Price Index (“CPI”), but in no case shall a year’s payment be less than the preceding one.

The pipeline routes and facilities are listed on “Exhibit A,” attached hereto and incorporated herein.

**Staff Report – Ordinance Granting Franchise
Torrance Pipeline Company, LLC (Petroleum Products)
July 19, 2016, Page 3 of 3**

In accordance with Section 1502 of the Compton City Charter, on June 14, 2016, the City Council adopted Resolution No. 24,354, declaring its intention to grant the proposed franchise to Torrance Pipeline Company, LLC and fixing a date, time and place when any persons having any interest therein or objection to the granting of the franchise may appear before the City Council and be heard thereon. A duly noticed, public hearing was conducted before the City Council on July 5, 2016.

FISCAL IMPACT

Torrance Pipeline has indicated its willingness to abide by all terms and conditions of the proposed Franchise Ordinance. This recommended ordinance includes an updated franchise combining both of the existing Ordinances. The proposed fee schedule is consistent with the Franchise Ordinance provisions currently held with the City.

The proposed annual compensation base will result in revenue to the General Fund in the amount of \$79,115.52 for Fiscal Year 2016-2017 and will be adjusted annually by the CPI. The Ordinance provides that annual payments will be due and payable on July 1st of every year.

RECOMMENDATION

Staff recommends that the City Council adopt the attached Resolution.

**GLEN W. C. KAU, P.E., DIRECTOR
PUBLIC WORKS/MUNICIPAL UTILITIES DEPARTMENT**

APPROVED FOR FORWARDING:

**ROGER L. HALEY
CITY MANAGER**

RLH:GK:JS

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMPTON GRANTING A FRANCHISE TO TORRANCE PIPELINE COMPANY LLC TO OPERATE, INSTALL, MAINTAIN, REPLACE, REMOVE AND/OR REPAIR PIPELINES AND APPURTENANCES FOR THE TRANSPORTATION OF OIL, HYDROCARBON SUBSTANCES, REFINED PETROLEUM PRODUCTS INCLUDING CATHODIC PROTECTION FACILITIES, NECESSARY OR CONVENIENT FOR THE GRANTEE'S BUSINESS WITHIN THE JURISDICTION OF THE CITY OF COMPTON

WHEREAS, Section 1501 of the Compton City Charter authorizes the City to grant franchises to any person, firm or corporation furnishing the City or its inhabitants with transportation, communication, terminal facilities, water, light, heat, power, refrigeration, storage or any other public utility or service, or using the public streets, ways, alleys, or places for the operation of plants, works, or equipment for the furnishing thereof or traversing any portion of the City for the transmitting or conveying of any such service elsewhere may be required by ordinance to have a valid and existing franchise; and

WHEREAS, the use of public streets and ways for the transport of refined petroleum products in pipelines within the jurisdiction of the City requires a franchise as contemplated by Section 1501 of the Compton City Charter; and

WHEREAS, Ordinance No. 1,581, adopted April 24, 1979, granted a twenty-five (25) year franchise to Mobil Oil Corporation (now known as ExxonMobil Oil Corporation) to operate, maintain, replace and repair certain pipelines and appurtenances for the transportation of refined petroleum oil in the City of Compton; and

WHEREAS, the term of the franchise granted by Ordinance No. 1,581 expired on April 23, 2004; and

WHEREAS, a second franchise was granted to ExxonMobil Oil Corporation pursuant to Ordinance No. 1,903, adopted on July 20, 1993, which also granted a petroleum pipeline franchise effective July 7, 1991 for a term of five (5) years with an option to extend the franchise for four (4) five (5) year terms; and

WHEREAS, the term of the franchise granted by Ordinance No. 1,903 shall expire on July 6, 2016; and

WHEREAS, ExxonMobil Oil Corporation entered into a Sale and Purchase Agreement with PBF Holding Company, LLC to purchase the assets covered by Franchise Ordinance No.'s 1581 and 1903 and these pipeline assets shall be transferred into the name of Torrance Pipeline Company, LLC; and

WHEREAS, the City and Torrance Pipeline Company, LLC desire to combine both franchises into one franchising ordinance for a term of twenty-five (25) years (i.e. August 18, 2016 through August 17, 2041), to eliminate confusion, maximize efficiencies and minimize administrative costs; and

WHEREAS, the City Council held a public hearing pursuant to Section 1502 of the Compton City Charter on Tuesday, July 5, 2016 to receive public comments on the proposed granting of the twenty-five (25) year petroleum pipeline franchise to Torrance Pipeline Company, LLC; and

WHEREAS, Torrance Pipeline Company, LLC, doing business in California has made application to the City Council of the City of Compton for a franchise to be upon the following terms, provisions and conditions.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Nature and Extent of Grant:

The **CITY OF COMPTON** hereinafter also referred to as “**CITY**,” herewith grants to **TORRANCE PIPELINE COMPANY, LLC**, its successors and assigns, hereinafter referred to as “**GRANTEE**,” subject to the terms and conditions herein contained, the right, privilege and franchise to install, operate, maintain, replace, change the size of, abandon in place, remove and/or repair the existing pipeline for the purpose of transporting refined petroleum products, oil, hydrocarbon substances, together with all appurtenances and service connections necessary or convenient to properly maintain and operate said pipelines, including cathodic protection facilities, necessary or convenient for the Grantee’s business, hereinafter collectively called “franchise property”. The pipeline is currently located in certain public streets, highways or public property now existing or hereafter dedicated, hereinafter collectively called “streets”, located in the **CITY**, described in “Exhibit A,” which is attached hereto and incorporated herein.

Section 2. Duration of Franchise:

The franchise shall be effective on August 18, 2016. The term of this franchise shall be for twenty-five (25) years, terminating on August 17, 2041. The **CITY** reserves the right to limit this franchise prior to its expiration in the event:

A. GRANTEE fails to comply with any of the provisions hereof; provided, however, that if such failure to comply shall be due to a cause beyond the control of the **GRANTEE**, the franchise shall not be so terminated; and provided further that this franchise shall not be so terminated unless the **GRANTEE** is given written notice of such noncompliance and fails within ninety (90) days of the date of such notice to commence and thereafter diligently prosecute to completion the corrective action necessary to cure such noncompliance. Notwithstanding the foregoing, if **GRANTEE’S** noncompliance is of such kind or nature as to cause a hazard to the public or endanger the public peace, health safety or general welfare, the **CITY’S** Director of Public Works may so notify the **GRANTEE** and reduce the period during which **GRANTEE** shall commence the work necessary to correct such noncompliance. In the event the **GRANTEE** fails to commence the corrective action within the time specified, as an alternative to terminating this franchise, the **CITY** may do the corrective work at the **GRANTEE’S** expense.

B. Any provision herein becomes invalid or unenforceable and the **CITY** expressly finds that such provisions constitute a consideration material to the granting of this franchise, then this franchise may be terminated by the **CITY** on ten (10) days written notice.

Section 3. Pipeline Operations:

A. Applicable Rules: The **GRANTEE** agrees to operate, install, maintain, replace and repair the pipelines and appurtenances in a good workmanlike manner, and in conformity with all regulations now or hereafter adopted by the State Fire Marshal.

B. Repairs and Street Excavations:

1. The work of maintaining or repairing all pipelines and appurtenances covered by this franchise shall be conducted with the least possible hindrance to the use of the streets.

2. The **GRANTEE** shall have the right to make all necessary street excavations for the purpose of exercising the rights granted by this franchise, but nothing herein contained shall relieve the **GRANTEE** from the provisions of any **CITY** ordinance or law that may be in force at the time requiring that permits be obtained for street excavations before such work is commenced.

All excavations shall be made and back-filled in strict compliance with all **CITY** ordinances that may be in effect at the time of the performance of the work and shall be made as not to interfere unreasonably with the free use of the streets by the public.

Upon completion of the work for which street excavations are made, all portions of the streets which have been excavated or otherwise damaged by such excavation work shall be restored to their original condition or equivalent to the satisfaction of the Director of Public Works.

C. Cleanup of Breaks and Leaks: If any portion of any street shall be damaged by reason of breaks or leaks in any pipeline or appurtenance maintained or repaired under this franchise, or if any street, sidewalk, sewer, storm drain, waterline, or other facility be contaminated by any substance transported in said pipelines, the **GRANTEE** shall at its own expense immediately repair or clean up or cause to be repaired or cleaned up, any such damage or contamination and put such street, sidewalk, sewer, storm drain, waterline or other facility in **as** good condition as it was before such break or leak to the satisfaction of the Director of Public Works. Such cleanups shall be accomplished in a timely manner, with as little public disruption as possible. Emergency repairs of franchise property may be commenced without prior permit; provided however, that the **GRANTEE** no later than the next normal working day shall notify by telephone, the Director of Public Works of any such work and shall within the next seven (7) calendar days apply for an excavation permit authorizing such emergency work.

D. Emergency Crews and Equipment: At all times during the term of this franchise, the **GRANTEE** shall maintain, on a twenty-four (24) hour basis, personnel to operate the pipeline system, including monitoring the leak detection system and the communications equipment. In addition, during the term of this franchise, the **GRANTEE** shall maintain on a twenty-four (24) hour basis, adequate standby equipment and properly trained emergency standby crews, within a radius of twenty-five (25) miles from any facilities maintained pursuant hereto, for the purpose of implementing emergency response, such as, shutting off the pressure and the flow of contents of such facilities, repairs, oil-spill cleanup, preventing or minimizing damage or the threat of any damage to people or the environment in the event of an emergency resulting from an earthquake, act of war, civil disturbance, flood, fire, leakage or other cause whatsoever.

E. Changes Required by Public Improvements: Whenever, during the existence of this franchise, the **CITY** shall change the grade, width, or location of any street in any manner, including the laying of sewer, storm drain, conduits, gas, water or other pipes owned or operated by the **CITY** or any other public agency, under the jurisdiction of the **CITY**, or construct any pedestrian tunnels, or other work of the **CITY** (the right to do all of which is specifically reserved to the **CITY** without any admission on its part that it would not otherwise have such rights) and such work shall, in the opinion of the Director of Public Works, render necessary any change in the position or location of any facilities of the **GRANTEE** in the street, the **GRANTEE** shall, at its sole cost and expense begin and thereafter diligently perform the necessary work to completion, in conformity with the written notice of the Director of Public Works as provided hereinafter. However, the **CITY** shall not require any relocation or modification which will have the effect of depriving the **GRANTEE** of a continuous and contiguous pipeline right-of-way. Except as provided herein before in this section, when such rearrangement is done for the accommodation of any person, firm or corporation, the cost of such rearrangement shall be borne by the accommodated party. Such accommodated party in advance of such arrangement, shall: (1) deposit with the **GRANTEE** in cash an amount, as in the reasonable discretion of the **GRANTEE** shall be required to pay the costs of such rearrangement; and (2) shall execute an instrument agreeing to indemnify and hold harmless the **GRANTEE** from any and all damages caused by such rearrangement.

Nothing contained in this franchise shall be construed to require the **CITY** to move, alter or relocate any of its facilities upon said streets, at its own expense, for the convenience, accommodation or necessity of any other public utility, person, firm or corporation, or to require the **CITY** or any person, firm or corporation now or hereafter owning a public utility system of any type or nature, to move, alter or relocate any part of its system upon said streets for the convenience, accommodation or necessity of the **GRANTEE**.

The **GRANTEE** shall be given not less than one hundred twenty (120) days written notice of any rearrangement of facilities which the **GRANTEE** is required to make hereunder. Such notice shall specify in reasonable detail the work to be done by the **GRANTEE** and shall specify the time that such work is to be accomplished. In the event that the **CITY** shall change the provisions of any such notice given to the **GRANTEE**, **GRANTEE** shall be given an additional period of not less than ninety (90) days to accomplish work.

F. Abandoned or Removal of Franchise Property: At the expiration, renovation or termination of this franchise or of the permanent discontinuance of the use of its facilities or any portion thereof, the **GRANTEE** shall, within ninety (90) days thereafter, make a written application to the Director of Public Works for authority (as determined by the **GRANTEE**) either: (1) to abandon all, or a portion, of such facilities in place; or (2) to remove all, or a portion of such facilities. Such application shall describe the facilities desired to be abandoned or removed by reference to the map or maps required hereinafter and shall also describe with reasonable accuracy the relative physical condition of such facilities. The Director of Public Works shall determine whether such abandonment or removal which is thereby proposed may be effected without detriment to the public interest or under what conditions such proposed abandonment or removal may be safely effected. He/She shall then notify the **GRANTEE**, and according to such requirements as shall be specified in the Public Works Director's order, the **GRANTEE** shall, within ninety (90) days thereafter, either:

1. Remove all or a portion of such facilities; or

2. Abandon in place all or a portion of such facilities, as set forth in the Public Director’s order.

If any facilities to be abandoned in place, subject to prescribed Conditions, shall not be abandoned in accordance with all such conditions, then the Director of Public Works may take additional appropriate steps, including, if he/she deems desirable, issuance of an order that the **GRANTEE** shall remove all such facilities in accordance with applicable requirements. In the event the **GRANTEE** shall fail to remove any facilities which it is obligated to remove in accordance with such applicable requirements within such time as may be prescribed by the Director of Public Works, then the **CITY** may remove or cause to be removed such facilities at the **GRANTEE’S** expense and the **GRANTEE** shall pay to the **CITY** the actual cost thereof, plus the current rate of overhead being charged by the **CITY** for reimbursable work.

G. Suspension of Operations: If, for any reason, the **GRANTEE** suspends operations of any pipeline contained in the franchise for a period in excess of ninety (90) days, the **GRANTEE** shall notify the Director of Public Works. During this period of suspended operations, the **GRANTEE** shall maintain its normal pipeline surveillance and all cathodic protection systems to insure pipeline integrity. This shall continue until such a time as the line is returned to service or abandoned in accordance with provisions mentioned hereinbefore.

Section 4. Maps and Records:

Within ninety (90) days following the date on which the pipeline has been relocated under this franchise, **GRANTEE** shall file as-built drawings and maps in such form as may be required by the City Engineer, the location, length and size of all of its facilities then in place; and shall, upon installation of any additional facilities, or upon removal, change or abandonment of all or any portion thereof, file revised as-built drawings and maps showing the location, length and size of all such additional, removed or abandoned facilities as of that date.

Section 5. Compensation to the City:

Upon the adoption of this franchise ordinance, the **GRANTEE** shall pay to the **CITY** annually in advance for the term of this franchise, a base annual fee calculated as follows:

<u>Pipe Internal Diameter</u>	<u>Rate (per lineal foot)</u>
Four (4) inches	\$.229
Six (6) inches	\$.449
Eight (8) inches	\$.742
Twelve (12) inches	\$1.549

Compensation provided for above shall be due and payable on July 1st of each year. Commencing with the first payment due, the base annual fee shall be multiplied by the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County, CA, “All Items” prepared by the United States Bureau of Labor Statistics, Department of Labor, for the month of April, and divided by the base index of April 1991, with said index having a value set at 140.70. However, in no event shall any annual Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County, CA be less than the preceding annual index, and in no event shall the multiplying factor be less than one. If said Bureau discontinues the preparation and publication of the Consumer Price Index, All Urban

Consumers, Los Angeles-Riverside-Orange County, CA, "All Items", and if no transposition table prepared by the Department of Labor is available so as to make those statistics which are then available applicable to the Base Index, then the City Council shall prescribe a rate of payment which shall, in its judgment, vary from rates specified in this subsection in approximate proportion as commodity consumer prices, then current. Upon this point, the determination by the City Council shall be final and conclusive. Notwithstanding the provision of this Item 5, the **GRANTEE** shall be liable to pay the **CITY** the annual fee for the period to and including the date of either actual removal of the facilities or the effective date of a properly approved abandonment "in place" authorized by the **CITY**, and until the **GRANTEE** shall have fully complied with all the provisions of the law or ordinances relative to such abandonments.

In the event of partial abandonment of facilities with the approval of the **CITY** as elsewhere herein provided, or in the event of partial removal of such facilities by the **GRANTEE**, the payment otherwise due the **CITY** for occupancy of the streets by such facilities shall be prorated beginning the first day of the next succeeding franchise year; and for each franchise year thereafter, at the prorated amount per each linear foot of pipeline abandoned or removed; provided, however, that the said base rate shall be modified to reflect the Price Index adjustment (as provided hereinbefore) applicable to such abandoned or removed pipeline at the beginning of the next succeeding franchise year following abandonment or removal.

All annual payments shall be paid, without deduction or offset to the office of the City Controller at 205 South Willowbrook Avenue, Compton, California, 90220, or at such place as the **CITY** shall from time to time designate in writing. In the event any payment required hereunder is late, the following schedule of late charges shall be applicable to that portion which is overdue.

- a. Late ten (10) days but under thirty (30) days - 2% of the amount due; plus
- b. For each additional thirty (30) days or fraction thereof over thirty (30) days - an additional 2% for each thirty (30) days or fraction thereof; however in no event shall such penalty exceed twenty-five percent (25%).

Section 6. Responsibility:

A. Indemnification: The **GRANTEE**, by the acceptance or use of the franchise hereby granted, agrees to indemnify, defend and hold harmless, to the maximum extent permitted by law, the **CITY**, its elected officials, officers, agents, employees and representatives, from and against any and all liability, suits, actions, proceedings, judgments, claims, losses, liens, damages, injuries (whether in contract or in tort, including personal injury, accidental death or property damage and regardless of whether the allegations are false, fraudulent or groundless), costs and expenses (including reasonable attorney's fees, litigation, arbitration, mediation, appeal expenses) which in whole or in part arise out of or are connected with, or which are alleged to have arisen out of or to have been connected with, the **GRANTEE's** use of the **CITY** streets hereunder or arising out of any of the operations and/or activities of the **GRANTEE** pursuant to this franchise, excepting any claim, demand or cause of action arising out of the negligent or willful conduct of the **CITY**, its officials, officers, agents and/or employees.

CITY may, in its sole and absolute discretion, select counsel of its choosing to defend against any asserted liability, suit, action, proceeding, judgment, claim, loss, lien, damage, injury, cost or expense which is subject to indemnification obligations set forth herein. **GRANTEE** shall be required to fully reimburse the **CITY** for the legal fees and all related litigation and expert costs of such defense.

B. Insurance: On or before any commencement of any franchise operations, the **GRANTEE** shall obtain, pay for and maintain in full force and effect throughout the term of this franchise, an insurance policy or policies that fully protects the **CITY** from claims and suits for bodily injury and property damage. The insurance shall be issued by an insurance carrier or carriers which is duly authorized and qualified to engage in such insurance business under the laws of the State of California, insuring the **CITY** against any liability for loss resulting from or arising out of any operations and/or activities of the **GRANTEE** pursuant to this franchise. The policy or policies must include a signed endorsement naming the **CITY**, its officials, officers, agents and employees, as additionally insured's; provide that the **GRANTEE's** insurance is primary and that no other insurance available to the **CITY** will be called on to contribute to a loss covered under the policy or policies; provide that **GRANTEE's** insurance applies separately to each insured or additional insured who is seeking coverage, or against whom a claim is made or suit is brought; and, provide at least thirty (30) days' advance written notice of cancellation, termination or reduction of coverage. The insurance must afford coverage for the **GRANTEE's** use, operation and activities, vehicles, equipment, facility representatives, agents and employees as follows:

1. Commercial General Liability Insurance with combined single limit liability coverage for bodily injury and property damage, and including coverage for contractual liability; personal injury; explosion, collapse and underground damage hazards; products; and completed operations in an amount equivalent to not less than Ten Million Dollars (\$10,000,000.00) per occurrence.

2. Workers' Compensation Insurance in compliance with the laws of the State of California and Employer's Liability Insurance in an amount not less than One Million Dollars (\$1,000,000.00) per claimant.

3. Business Automobile Liability Insurance with separate per occurrence limits for bodily injury and property damage, including rented, leased, hired, scheduled, owned and non-owned auto and/or equipment coverage, as applicable, or in a combined single limit in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence.

Notwithstanding the above, and subject to approval by **CITY**, **GRANTEE** may provide a program of self-insurance. Any self-insurance program maintained by **GRANTEE** shall comply with the provisions and the specified limits contained herein. **GRANTEE** shall provide each year for the duration of the franchise, written notification to the **CITY** of its intent to self-insure.

Such insurance policies shall be maintained by the **GRANTEE** for the life of this franchise, and on the first anniversary of this franchise, and on every one thereafter, **GRANTEE** will provide updated evidence that such insurance is in force. The **CITY** has the right during the terms of this franchise to increase the amount and scope of coverage. The **CITY** covenants that it will not exercise such right in an unreasonable manner.

Section 7. Assignment:

GRANTEE shall not permit any right or privilege granted by the franchise to be exercised by another, nor shall the franchise or any interest therein or any right or privilege hereunder be in whole or in part sold, transferred, leased, assigned, or disposed of except to a corporation acquiring or owning a portion of the assets of the **GRANTEE** without the consent of the **CITY** expressed by ordinance or resolution, as may be required.

Section 8. Faithful Performance Bond:

On or before the effective date of the ordinance granting the franchise, **GRANTEE** shall file and thereafter at all times during the life of the franchise keep on file with the City Clerk, a corporate surety bond approved by the City Attorney payable to the **CITY** in the penal sum of One Hundred Thousand Dollars (\$100,000.00), with a surety to be approved by the City Attorney, conditioned that **GRANTEE** shall well and truly observe, fulfill and perform each condition of the franchise and that in case of any breach of condition of the bond, the whole amount of the penal sum shall be deemed to be liquidated damages and shall be recoverable from the principal and sureties of the bond. If said bond is filed prior to the effective date of the ordinance granting the franchise, the award of the franchise may be set aside and the ordinance granting the franchise repealed at any time prior to filing of said bond and any money paid in consideration for said award of the franchise shall be forfeited. In the event that said bond, after it has been so filed, shall at any time during the life of the franchise become insufficient, **GRANTEE** agrees to renew said bond, subject to the approval of the City Attorney within ten (10) days written notice to do so from the Director of Public Works.

Section 9. Acceptance:

This franchise is granted and shall be held and enjoyed only upon the terms and conditions herein contained, and the **GRANTEE** shall, within ten (10) days after the adoption of the ordinance granting said franchise, file with the City Clerk of the City of Compton, a written acceptance of such terms and conditions.

This franchise is granted upon each and every condition contained herein and shall ever be strictly construed against the **GRANTEE**. Each of said condition is a material and essential condition to the granting of this franchise.

Section 10. Affirmative Action:

Throughout the term of the franchise, the **GRANTEE** shall maintain an acceptable Affirmative Action Program, which assures that job applicants are sought and employed and that employees are treated during their employment without regard to their race, color, or national origin or ancestry, sex or religion and shall file documentary evidence thereof within thirty (30) days on written demand thereof by the City Manager.

Section 11. Eminent Domain:

No franchise granted by the **CITY** shall in any way impair or affect the right of the **CITY** or of any successor in authority to acquire the property of the **GRANTEE** by purchase or condemnation, and nothing contained in such a franchise shall be construed to contract away, modify or abridge either for a term or in perpetuity the **CITY'S** right of eminent domain in respect to any public utility.

Section 12. Cancellation of Prior Ordinance(s):

That this Franchise Ordinance shall entirely supersede and replace both Franchise Ordinance 1,581 and Franchise Ordinance 1,903. The parties agree that the aforementioned franchises shall terminate on the date and time this Franchise Ordinance becomes effective.

Section 13. Said franchise is not and shall not be exclusive.

Section 14. That if any section, subsection, sentence, clause or phrase hereof us for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The City Council hereby declares that it would have passed this legislation and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that anyone or more sections, subsections, sentences, clauses or phrased be declared invalid or unconstitutional.

Section 15. That copies of this Ordinance shall be forwarded to the offices of the City Manager, City Controller, City Attorney and the Department of Public Works/Municipal Utilities.

Section 16. That this Ordinance and the rules, regulations, provisions, requirements, orders and matters established and adopted hereby shall take effect and be in full force and effect thirty (30) days after the date of its final passage and adoption by the City Council.

Section 17. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Ordinance and shall cause the same to be published as required by law.

ADOPTED this ____ day of _____, 2016.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF COMPTON)

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing Ordinance was duly adopted by the City Council of the City of Compton, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the ____ day of _____, 2016.

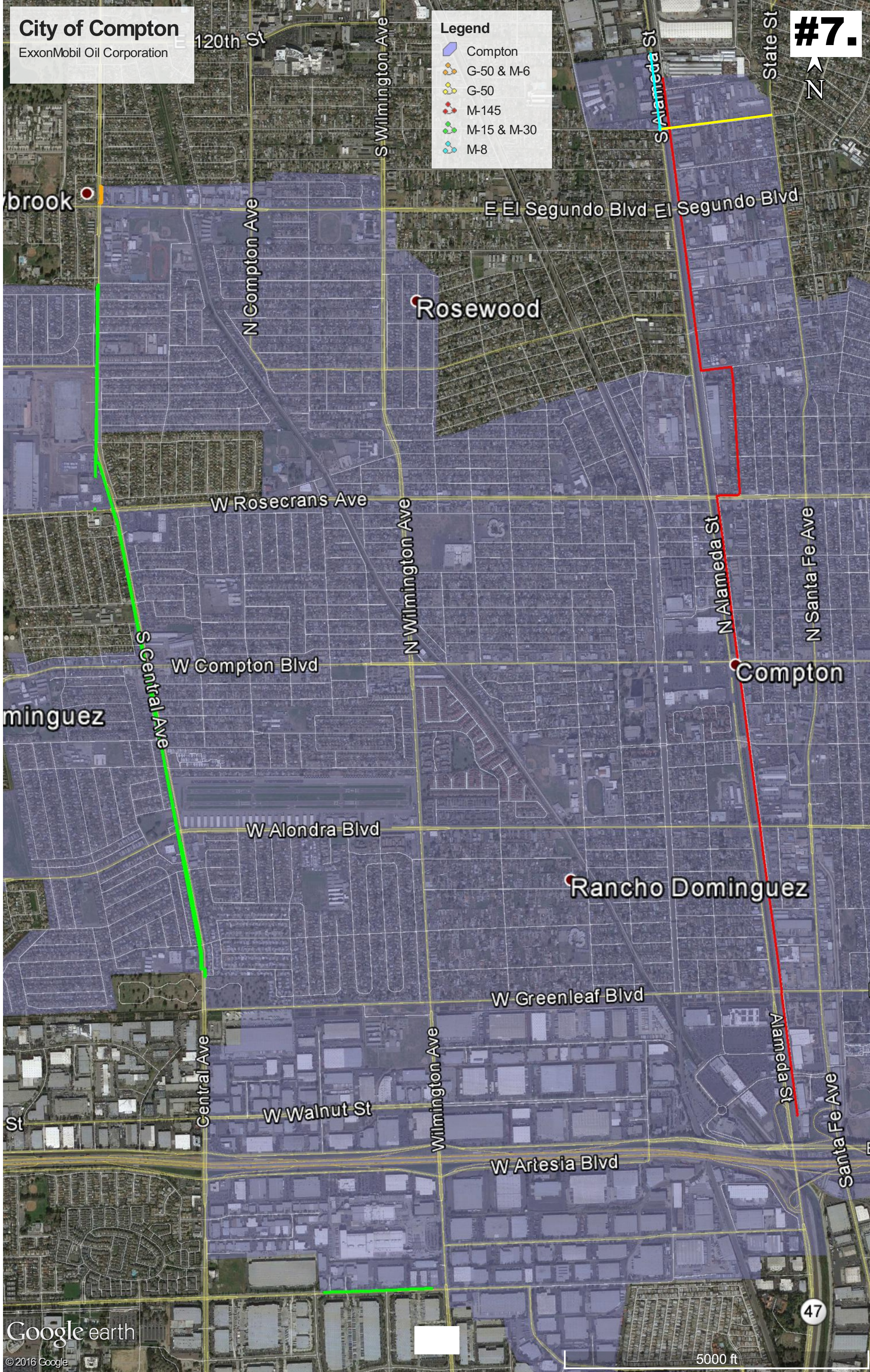
That said Ordinance was adopted by the following vote, to wit:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON

- Legend
- Compton
 - G-50 & M-6
 - G-50
 - M-145
 - M-15 & M-30
 - M-8

#7.



RESOLUTION SIGN-OFF FORM

DEPARTMENT: Public Works-Engineering

RESOLUTION TITLE: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMPTON GRANTING A FRANCHISE TO TORRANCE PIPELINE COMPANY LLC TO OPERATE, INSTALL, MAINTAIN, REPLACE, REMOVE AND/OR REPAIR PIPELINES AND APPURTENANCES FOR THE TRANSPORTATION OF OIL, HYDROCARBON SUBSTANCES, REFINED PETROLEUM PRODUCTS INCLUDING CATHODIC PROTECTION FACILITIES, NECESSARY OR CONVENIENT FOR THE GRANTEE’S BUSINESS WITHIN THE JURISDICTION OF THE CITY OF COMPTON (First Reading)

Glen Kau
DEPARTMENT MANAGER’S SIGNATURE

6/15/2016 6:15:01 PM
DATE

REVIEW / APPROVAL

Ruth Rugley
CITY ATTORNEY

6/21/2016 4:45:57 PM
DATE

Austin Okonta
CITY CONTROLLER

6/16/2016 12:23:35 PM
DATE

Roger Haley
CITY MANAGER

6/16/2016 12:00:56 PM
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

July 19, 2016

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: CITY MANAGER

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
COMPTON IMPLEMENTING A FISCAL TRANSPARENCY
AND ACCOUNTABILITY POLICY INCLUDING CITY
CONTROLLER DUTIES, CONSISTENT WITH ARTICLE VII
AND ARTICLE XIV OF THE CITY CHARTER**

SUMMARY

The City Council will consider adopting a Resolution that will implement a fiscal responsibility policy including further reports, information, and participation of the City Controller, all of which is consistent with Article VII and Article XIV of the City Charter.

BACKGROUND

Mayor Brown requested preparation of a Resolution implementing a new fiscal responsibility policy which provides for greater participation of the City Controller in promoting fiscal transparency and accountability. Pursuant to the Mayor's request, and as part of the policy, the Resolution requires an Annual Revenue Summary Report as described more fully below, presentations by the City Controller, and a Monthly Revenue and Expenditure Report. These reports and information are to be used to assist in the preparation of each year's budget and to monitor the City's revenues on a regular basis.

STATEMENT OF ISSUE

Section 708 of the City Charter sets forth the powers and duties of the City Controller, which include compiling the budget expense and capital estimates for the City Manager; supervising the disbursement of all monies and controlling expenditures to ensure that budget appropriations are not exceeded; and submitting to the City Council through the City Manager a monthly statement of all receipts and disbursements to show the exact financial condition of the City, and a complete financial statement and report at the end of each fiscal year.

#8.

Staff Report - Resolution Adopting Fiscal
Transparency and Accountability Policy
July 12, 2016

Consistent with the foregoing City Charter provisions, the intent of the policy, as set forth in the Resolution, is to further implement the foregoing provisions of the Charter and to provide for greater fiscal awareness and fiscal responsibility for the City.

Therefore, as part of the City Controller's responsibility to keep the City Council advised of the financial condition of the City, the Resolution requires the City Controller to create and submit to the City Council an Annual Revenue Summary Report which includes impending threats to General Fund revenues and potential fiscal opportunities, based on current or upcoming legislation. This Report shall be submitted to the City Council for use and approval in connection with the annual budget preparation process. In addition, the Resolution requires the City Controller to be present at all budget hearings and workshops to present and discuss the Annual Revenue Summary Report.

The Resolution also requires the City Controller to create and submit to the City Council, as an agendaized report, a Monthly Revenue and Expenditure Report which includes a visual presentation for the benefit of the City Council and the public, and to report overages and expenditures in excess of the budgeted fund amount approved since the date of the preceding regular meeting of the City Council.

FISCAL IMPACT

No fiscal impact is anticipated as a result of the adoption of this Resolution.

RECOMMENDATION

Staff recommends that the City Council adopt the attached Resolution.

ROGER L. HALEY
CITY MANAGER

RESOLUTION NO. _____**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
IMPLEMENTING A FISCAL TRANSPARENCY AND ACCOUNTABILITY
POLICY INCLUDING CITY CONTROLLER DUTIES, CONSISTENT WITH
ARTICLE VII AND ARTICLE XIV OF THE CITY CHARTER**

WHEREAS, Section 708 of the City Charter sets forth the powers and duties of the City Controller; and

WHEREAS, the City Controller's duties include compiling the budget expense and capital estimates for the City Manager, supervising the disbursement of all monies and controlling expenditures to ensure that budget appropriations are not exceeded, and submitting to the City Council through the City Manager a monthly statement of all receipts and disbursements to show the exact financial condition of the City, and a complete financial statement and report at the end of each fiscal year; and

WHEREAS, it is the City Council's intent in adopting this Resolution to further implement the foregoing provisions of the City Charter and to provide for greater fiscal awareness and fiscal responsibility for the City of Compton.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON
DOES HEREBY RESOLVE:**

Section 1. That it is the policy of the City Council to provide for even greater fiscal awareness and fiscal responsibility by requiring the reports, information, and participation of the City Controller described in Sections 2 through 5, below.

Section 2. That as part of the City Controller's responsibility to keep the City Council advised of the financial condition of the City, the City Controller shall create and submit to the City Council an Annual Revenue Summary Report which includes impending threats to General Fund revenues and potential fiscal opportunities, based on current or upcoming legislation. The City Controller shall submit the Annual Revenue Summary Report to the City Council for use and approval in connection with the annual budget preparation process, and the Annual Revenue Summary Report shall form part of the basis of annual revenue projections.

Section 3. That as part of the City Controller's responsibility to keep the City Council advised of the financial condition of the City, the City Controller shall be present at all budget hearings and workshops to present and discuss the Annual Revenue Summary Report, in addition to presenting and discussing the other fiscal matters such as the required five-year revenue projection.

Section 4. That as part of the City Controller's responsibility to keep the City Council advised of the financial condition of the City, the City Controller shall create and submit to the City Council, as an agendaized report, a Monthly Revenue and Expenditure Report which includes a visual presentation for the benefit of the City Council and the public.

Section 5. That as part of the City Controller's responsibility to keep the City Council advised of the financial condition of the City, the City Controller shall advise the City Manager in writing of overages and shall report to the City Council all expenditures in excess of the budgeted fund amount approved since the date of the preceding regular meeting of the City Council.

Section 6. That certified copies of this Resolution shall be filed in the offices of the City Controller, City Clerk, City Manager and the City Attorney.

Section 7. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this _____ day of _____, 2016.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF COMPTON)

I, Alita Godwin, City Clerk of the City of Compton hereby certify that the foregoing Resolution was adopted by the City Council of the City of Compton, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on this _____ day of _____, 2016.

That said Resolution was adopted by the following vote, to wit:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSTAIN: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON

July 19, 2016

TO: HONORABLE MAYOR AND CITY COUNCIL

**FROM: ALITA L. GODWIN, CMC
CITY CLERK**

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT AND ISSUE A PURCHASE ORDER TO MELVINNA SHARP FOR TRANSCRIPTION AND PREPARATION OF MEETING MINUTES OF THE CITY'S LEGISLATIVE BODIES AND SPECIALIZED ELECTRONIC SERVICES FOR FISCAL YEAR 2016-2017 (\$35,500)

SUMMARY

The City Clerk requests that the City Council adopt a Resolution authorizing the City Manager to enter into a contract and issue a purchase order in the amount of \$35,500.00 to Melvinna Sharp for payment of services for transcription and preparation of meeting minutes of the City's legislative bodies and specialized electronic services for the Fiscal Year 2016-2017.

BACKGROUND

The City contracts with Melvinna Sharp to transcribe and prepare the meeting minutes for the Compton Public Finance Authority, the Urban Community Development Commission, the Successor Agency to the Community Redevelopment Agency of the City of Compton, and the City Council ("legislative bodies"). Use of her services allows the minutes to be prepared and submitted to the various legislative bodies for review and filing in a timely manner.

Additionally, Ms. Sharp is responsible for providing a variety of technological services attendant to the agenda preparation process for the City's legislative bodies, such as:

1. Export the consent Agenda from SIRE to the Granicus Live Manager System.
2. Transcribes the spoken word from video files using sophisticated software (Granicus Live/Media Manager internet-based software).
3. Include accurate time stamps for agenda items (Public Comments on Agenda and Non-Agenda Items, Consent Agenda, etc.).

4. Perform application programming operations (enters specialized vocabulary into software) to assist in the rapid and accurate translation of spoken information into electronic and print materials; (roll call, motions, votes, resolution numbers, ordinance numbers, report out of closed session items, and adjournments).
5. Records amendments to resolutions and ordinances, incidental motions, requests to withdraw or modify motions, special privileges, and disciplinary procedures.
6. Evaluates and maintains software to determine suitability.
7. Identifies and takes corrective action to resolve routine operational problems.
8. Publishes training streams as necessary.
9. Provide user accessibility to archived meetings via the internet.
10. Operates peripheral equipment such as printers, desktop computers, and copiers to provide hard copies of summary minutes.

Ms. Sharp is compensated at a flat rate of \$800.00 per week for each week that meetings of the legislative bodies are conducted as well as any special meetings called.

STATEMENT OF THE ISSUE

The existing contract has expired. Thus, it is requested that the City Manager be authorized to enter into a contract and issue a purchase order in the amount of \$35,500.00 to pay for services rendered through June 30, 2017.

FISCAL IMPACT

The funding is currently budgeted in the City Clerk's Fiscal Year 2016-2017 budget in Account No. 1001-47-000-4262.

RECOMMENDATION

It is recommended that the City Council adopt the attached Resolution.

ALITA GODWIN, CMC
CITY CLERK

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT AND ISSUE A PURCHASE ORDER TO MELVINNA SHARP FOR TRANSCRIPTION AND PREPARATION OF MEETING MINUTES OF THE CITY’S LEGISLATIVE BODIES AND SPECIALIZED ELECTRONIC SERVICES FOR FISCAL YEAR 2016-2017 (\$35,500)

WHEREAS, the City has contracted with Melvinna Sharp (“Sharp”) to transcribe and prepare the meeting minutes for the Compton Public Finance Authority, the Urban Community Development Commission, the Successor Agency to the Community Redevelopment Agency of the City of Compton, and the City Council (“legislative bodies”); and

WHEREAS, Sharp has additional duties which include but is not limited to performing application programming operations to assist in the rapid and accurate translation of spoken information into electronic and print materials; and

WHEREAS, Sharp is compensated at a flat rate of \$800.00 for each week that meetings of the legislative bodies are held; and

WHEREAS, staff is recommending that the City Manager be authorized to enter into a contract and issue a purchase order in the amount of \$35,500.00.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. That the City Manager, on the advice and approval of the City Attorney is hereby authorized to enter into a contract with Melvinna Sharp for the transcription and preparation of City of Compton’s legislative bodies (i.e. Public Finance Authority, Urban Community Development Commission, Successor Agency to the Community Redevelopment Agency of the City of Compton and the City Council), as well as any special meetings called for Fiscal Year 2016-2017 (July 1, 2016 through June 30, 2017).

Section 2. That funds for this expenditure are available in the City Clerk’s Fiscal Year 2016-2017 budget in Account No. 1001-470-000-4262.

Section 3. That a purchase order is authorized to be issued in the amount of \$35,500.00.

Section 4. That a copy of this Resolution shall be filed in the offices of the City Clerk, City Manager, City Attorney and City Controller.

Section 5. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this ____ day of _____, 2016.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF COMPTON)

I, Alita Godwin, City Clerk of the City of Compton hereby certify that the foregoing Resolution was adopted by the City Council of the City of Compton, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the ____ day of _____, 2016.

That said Resolution was adopted by the following vote, to wit:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-
ABSTAIN: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON

**TRANSCRIPTION SERVICES AGREEMENT
BETWEEN
THE CITY OF COMPTON
AND
MELVINNA SHARP**

This **AGREEMENT** is entered and made by and between the **CITY OF COMPTON**, a municipal corporation of the State of California (hereinafter referred to as "**CITY**") located at 205 South Willowbrook Avenue, Compton, California 90220, and the **MELVINNA SHARP** (hereinafter referred to as "**CONTRACTOR**") located at 902 North Poinsettia Avenue, Compton, California 90220.

RECITALS:

WHEREAS, the City requires the services of a qualified and experienced professional to assist the City Clerk's Office by providing transcription services for the meeting minutes for the four (4) legislative bodies of the City of Compton; i.e. the Compton Public Finance Authority, the Urban Community Development Commission, the Compton Successor Agency to the Community Redevelopment Agency of the City of Compton and the Compton City Council; and

WHEREAS, Contractor represents that she is specifically trained, experienced, competent, and has the resources to provide such services which will be required by this Agreement; and

WHEREAS, by Resolution No. _____, adopted on the _____ day of _____ 2016, the City Council authorized the City Manager to enter into a contract with the Contractor (Melvinna Sharp) to provide the needed services; and

WHEREAS, Contractor is willing to render such professional services, as hereinafter defined, on the following terms and conditions.

NOW, THEREFORE, Contractor and City, for the consideration, terms and conditions herein described, mutually agree as follows:

AGREEMENT:

1. Services to be rendered by Contractor. It is the mutual understanding of the parties that the Contractor shall render services "**as-needed**" and requested by the Compton City Clerk. These services shall include, but are not limited to transcription and preparation of minutes from the Compton Public Finance Authority, the Urban Community Development Commission, the Compton City Council and the Successor Agency meetings. Services further include responsibly for providing a variety of technological services attendant to the agenda preparation process, including:

1. Export the consent Agenda from SIRE to the Granicus Live Manager System.
2. Transcribe the spoken word from video files using sophisticated software (Granicus Live/Media Manager internet-based software).
3. Include accurate time stamps for agenda items (Public Comments on Agenda and Non-Agenda Items, Consent Agenda, etc.).
4. Perform application programming operations (enter specialized vocabulary into software) to assist in the rapid and accurate translation of spoken information into electronic and print materials; (roll call, motions, votes, resolution numbers, ordinance numbers, report out of closed session items, and adjournments).

Services Agreement – Melvinna Sharp
Legislative Bodies Minutes – Transcription FY 2016-2017
Resolution No. _____ (City Clerk)

5. Record amendments to resolutions and ordinances, incidental motions, requests to withdraw or modify motions, special privileges, and disciplinary procedures.
6. Evaluate and maintain software to determine suitability.
7. Identify and take corrective action to resolve routine operational problems.
8. Publish training streams as necessary.
9. Provide user accessibility to archived meetings via the internet.
10. Operate peripheral equipment such as printers, desktop computers, and copiers to provide hard copies of summary minutes.

Contractor acknowledges that in entering into this Agreement the City is relying on Contractor's special skills and experience to do and perform the services in accordance with best standards of professional practice. While performing the services, Contractor agrees to perform all the said work and furnish all the necessary materials at its own cost and expense necessary to complete said services in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances and to the reasonable satisfaction of the City.

Contractor services hereunder shall be performed in good, workmanlike and professional manner. Contractor shall be responsible for correcting and completing all errors and omissions related to the services provided by the Contractor for this Agreement at no additional cost to the City. "Errors" and "Omissions" for purposes of this paragraph are defined to mean a failure by the Contractor to meet the standards of its profession as set forth in the preceding paragraph. The acceptance of the services by City does not release Contractor from these obligations.

Acceptance by City of the work performed under this Agreement does not operate as a release of said Contractor from such professional responsibility for the services performed.

2. Duration of Contract. The term of this Agreement shall be for period of July 1, 2016 through June 30, 2017, unless this Agreement is terminated as provided herein.

3. Compensation. The method of payment for this Contract will be based on a fee-for-services basis, billable at an agreed rate of **Eight Hundred Dollars (\$800.00)** per date for transcription and preparation of meeting minutes for each and every City of Compton legislative body (i.e. the Compton Public Finance Authority, the Urban Community Development Commission, the Compton City Council and the Successor Agency) meeting on that date. The compensation paid the Contractor includes compensation for all work, including travel, materials, supplies, vendor services, expenses and subcontracted work. No additional compensation will be paid to the Contractor, unless there is a change in the scope of the services or the scope of the project. In the instance of a change in the scope of services or scope of the project, adjustment to the compensation may be negotiated between the Contractor and the City. Adjustment in the compensation will not be effective until authorized and approved by contract amendment.

Progress payments may be made in arrears based on the percentage of work and deliverables completed by the Contractor. If Contractor fails to submit the required deliverable items according to schedule, unless the failure is through no fault of the Contractor or the schedule is altered/extended by the City, the City shall have the right to delay payment and/or terminate this Agreement in accordance with the provisions noted herein.

Services Agreement – Melvinna Sharp
Legislative Bodies Minutes – Transcription FY 2016-2017
Resolution No. _____ (City Clerk)

Contractor shall be reimbursed within thirty (30) days, or as promptly as fiscal procedures may permit, upon receipt by the City of itemized invoices for services completed. Invoices shall be submitted no later than 45 calendar days after the performance of work for which the Contractor is billing. Invoices shall detail the work performed on each task as applicable. Invoices shall be mailed or delivered to the City Clerk at the following address: **City of Compton, 205 South Willowbrook Avenue, Compton, California 90220.**

The Contractor is required to comply with all federal, state and local laws and ordinances applicable to the work.

The Contractor understand and agree that the maximum compensation authorized for the services to be performed pursuant to this Agreement is limited to a not-to-exceed sum of **Thirty Five Thousand Five Hundred Dollars (\$35,500.00).**

In the event of termination, the Contractor shall be entitled to compensation for the undisputed reasonable value of services performed to the effective date of termination, including any noncancellable obligations incurred prior to termination; provided, however, that the City may condition payment of such compensation upon the Contractor's delivery to the City of any and all City property, documents, reports, records, materials and work product associated with the performance of this Agreement.

4. Ownership of Materials. Contractor agrees that all of its electronic and hardcopy reports, documents, disc, diskettes and other materials and work product created or assembled by it in the course of performing the services ("Work Product") hereunder are works for hire for the benefit of the City and as such is the sole property of the City. To the extent that such materials and work product do not constitute work for hire, in consideration of the payments and other covenants of the City, as set forth or called for herein, Contractor hereby sells, transfers, conveys and assigns any and all of its rights therein to the City. In the event this Agreement is terminated, all Work Product produced by Contractor or its agents, employees and subcontractors pursuant to this Agreement will be delivered to City pursuant to the termination clause of this Agreement.

The Work Product may be used by City and its agents, employees, representatives, and assigns, in whole or in part, or in modified form, for all purposes City may deem advisable, without further employment of or payment of any compensation to Contractor; provided, however, that if this Agreement is terminated for any reason prior to expiration of this Agreement and if under such circumstances City uses, or engages the services of and directs another Contractor to use, the Work Product, City agrees to hold Contractor harmless from any and all liability, costs, and expenses relative to claims arising out of matters and/or events which occur subsequent to the termination of this Agreement as a result of causes other than the fault or negligence of Contractor, or anyone for whose acts it is responsible, in preparation of the Work Product. Contractor will not be responsible for deficiencies solely attributable to modifications of the Work Product performed by others.

5. Independent Contractor Status. Contractor, its officers, employees, subcontractors, subcontractors, agents and volunteers (collectively hereinafter the "Contractor"), will perform the services in Contractor's own way and pursuant to this Agreement as an independent contractor and in pursuit of Contractor's independent calling, and not as an employee of City. The persons used by Contractor to provide the services under this Agreement will not be considered employees of City for any purposes. Neither the City nor any

of its officers, employees, agents or volunteers shall have any control over the conduct of the Contractor, except as expressly set forth in this Agreement. Contractor expressly warrants that

while engaged in carrying out and complying with any terms and conditions of this Agreement that Contractor shall not at any time or in any manner, represent that Contractor is in any manner officers, employees, agents or volunteers of the City. Contractor shall obtain no rights to retirement, health care or any other benefit that accrue to City officials, officers, or employees. Contractor expressly waives any claim to such rights.

The payment made to Contractor pursuant to the Agreement will be the full and complete compensation to which Contractor is entitled. City will not make any federal or state tax withholdings on behalf of Contractor or its agents, employees or subcontractors. City will not pay any workers' compensation insurance, retirement contributions or unemployment contributions on behalf of Contractor or its employees or subcontractors. Contractor agrees to indemnify and pay City within thirty (30) days for any tax, retirement contribution, social security, overtime payment, unemployment payment or workers' compensation payment which City may be required to make on behalf of Contractor or any agent, employee, or contractor of Contractor for work done under this Agreement. At the City's election, City may deduct the amounts paid pursuant to this Section, from any balance owing to Contractor.

6. Successors, Assignment and Delegation. City and the Contractor each binds themselves, their partners, successors, assigns and legal representatives to the other hereto and to partners, successors, assigns and legal representatives of such other party in respect to all covenants, agreements and obligations contained in this Agreement.

The expertise and experience of Contractor are material considerations for this Agreement. Contractor shall not assign or transfer any interest in this Agreement or the performance of any of Contractor's obligations under this Agreement without the prior written consent of the City. Any attempted assignment or transfer of any of Contractor's rights, duties or obligations arising under this Agreement shall be null and void.

7. Nondiscriminatory Employment Practices. During the performance of this Agreement, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, sex, creed, color, religion, age, sexual orientation, marital status, national origin, political affiliation, handicap or belief in accordance with requirements of City, State or Federal laws and regulations. Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, sex, creed, color, religion, age, sexual orientation, marital status, national origin, political affiliation, handicap or belief in accordance with requirements of City, State or Federal laws and regulations. Such actions shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoffs or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees, applicants and subcontractors for employment, notices setting forth the provisions of this non-discrimination clause.

In the event of the Contractor's non-compliance with the non-discrimination clause of this Agreement, this Agreement may be immediately canceled, terminated or suspended in whole or in part.

8. **Subcontracting.** Contractor's services are unique and personal. Except as may be agreed to by the City, Contractor will not subcontract any portion of the services without prior written approval of City Manager or his/her designee. If Contractor subcontracts any of the services, Contractor will be fully responsible to City for the acts, errors and omissions of Contractor's subcontractor and of the persons either directly or indirectly employed by the

subcontractor, as Contractor is for the acts and omissions of persons directly employed by Contractor. Nothing contained in this Agreement will create any contractual relationship between any subcontractor of Contractor and City. Contractor will be responsible for payment of subcontractors. Contractor will bind every subcontractor and every subcontractor of a subcontractor by the terms of this Agreement applicable to Contractor's work unless specifically noted to the contrary in the subcontract and approved in writing by City.

9. **Other Contractors.** The City reserves the right to employ other Contractors in connection with the services.

10. **Indemnification.** Contractor shall indemnify and save harmless the City, its officials, officers, employees, agents and volunteers (collectively hereinafter the "City"), against any and all damages to property or injuries to or death of any person or persons, including property and employees or agents of the City and shall indemnify and save the City from any and all liability and expense including reimbursement of reasonable defense costs and legal fees, and claims, demands, suits, actions or proceedings of any kind or nature, including Workers' Compensation claims, of or by anyone whomsoever to the extent resulting from or arising out of the negligent, reckless or willful misconduct for the Contractor, its officers, employees, subcontractors, subcontractors or agents in the performance of the duties undertaken by Contractor pursuant to this Agreement.

This indemnification and hold harmless obligation does not extend to claims arising out of the negligence or willful misconduct of the City.

11. **Insurance.** Without limiting the Contractor's indemnification of the City, Contractor shall obtain and maintain, at its cost and expense, for the duration of the Agreement and any and all amendments, insurance against claims for injuries to persons or damage to property which may arise out of or in connection with performance of the services by Contractor or Contractor's agents, representatives, employees or subcontractors. The insurance will be obtained from an insurance carrier admitted and authorized to do business in the State of California. Such evidence shall specifically identify this Agreement and shall contain express conditions that the City is to be given written notice at least thirty (30) days in advance of any termination or implementation of a reduction of limits or material change of insurance coverage as specified herein. ***Failure on the part of the Contractor to procure or maintain insurance shall constitute a material breach upon which the City may immediately terminate this Agreement.*** All insurance required hereunder shall be primary with respect to any insurance maintained by the City.

Coverages and Limits. Contractor will maintain the types of coverages and minimum limits indicated below, unless the Risk Manager or City Manager, in consultation with the City Attorney approves a lower amount. These minimum amounts of coverage will not constitute any limitations or cap on Contractor's indemnification obligations under this Agreement. City, its officers, agents, volunteers and employees make no representation that the limits of the insurance specified to be carried by Contractor pursuant to this Agreement are adequate to protect Contractor. The coverage will contain no special limitations on the scope of its protection to the below-indicated insureds except for Workers Compensation and errors and

omissions insurance. Contractor will obtain occurrence coverage, excluding Professional Liability, which will be written as claims-made coverage. If Contractor believes that any required insurance coverage is inadequate, Contractor will obtain such additional insurance coverage, as Contractor deems adequate, at Contractor's sole expense.

11.1 Commercial General Liability Insurance. \$500,000.00 combined single-limit per occurrence for bodily injury, personal injury and property damage. If the submitted policies contain aggregate limits, general aggregate limits will apply separately to the work under this Agreement or the general aggregate will be twice the required per occurrence limit.

11.2 Workers' Compensation and Employer's Liability. Workers' Compensation limits as required by the California Labor Code and Employer's Liability limits of \$1,000,000 per accident for bodily injury. Workers' Compensation and Employer's Liability insurance will not be required if Contractor has no employees and provides, to City's satisfaction, a declaration stating this.

Endorsements. For Commercial General Liability Insurance, Contractor will insure that the policies are endorsed to name the City of Compton and its respective elected and appointed officers, officials, employees, agents and volunteers as **“additional insureds”** with respect to liability arising out of the activities of the Contractor. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City. ***Prior to City's execution of this Agreement, Contractor will furnish certificates of insurance and endorsements to City.***

Waiver of Subrogation. The policies shall contain a waiver of subrogation for the benefit of City.

12. Permits and Licenses. Contractor, at its own expense, during the term of this Agreement, shall obtain and maintain all appropriate business and professional permits, licenses and certificates that may be required in connection with the performance of services by the Contractor. Upon execution of this Agreement, the Contractor shall show evidence of a business license permit in conformance with *Section 9-1.2 of the Compton Municipal Code.*

13. Maintenance of Records. Contractor will maintain complete and accurate records with respect to costs incurred under this Agreement. All records will be clearly identifiable. Contractor will allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of records and any other documents created pursuant to this Agreement. Contractor will allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years, or longer if required by law, from the date of final payment under this Agreement.

14. Warranties. Contractor represents and warrants (i) that Contractor has no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with Contractor's undertaking this relationship with City, (ii) that the performance of the services called for by this Agreement do not and will not violate any applicable law, rule or regulation or any proprietary or other right of any third party, (iii) that Contractor will not use in the performance of his responsibilities under this Agreement any confidential information or trade secrets of any other person or entity and (iv) that Contractor has not knowingly entered into or will enter into any agreement (whether oral or written) in conflict with this Agreement.

15. General Compliance with Laws. Contractor will keep fully informed of federal, state and local laws and ordinances and regulations which in any manner affect those employed by Contractor, or in any way affect the performance of the services by Contractor. Contractor will at all times observe and comply with these laws, ordinances, and regulations and will be responsible for the compliance of the services with all applicable laws, ordinances and regulations.

16. Termination. In the event of the Contractor's failure to prosecute, deliver, or perform the services, after giving written notice of default and two (2) days to correct the same, then, in addition to any other remedies, City may terminate this Agreement for nonperformance by notifying Contractor in writing. Contractor has five (5) business days to deliver any documents owned by City and all work in progress to City address contained in this Agreement. City will make a determination of fact based upon the work product delivered to City and of the percentage of work that Contractor has performed which is usable and of worth to City in having the Agreement completed. Based upon that finding City will determine the final payment of the Agreement. In the event City elects to terminate, City will have the right to immediate possession of all Work Product and work in progress prepared by Contractor, whether located at the project site, at Contractor's place of business, or at the offices of a subcontractor.

The City's obligation is payable only from funds appropriated for the purpose of this Agreement. All funds for payments after the end of the current fiscal year are subject to the City's legislative appropriation for this purpose. In the event this Agreement extends into succeeding fiscal year periods and the City Council does not allocate sufficient funds for the next succeeding fiscal year payments, this Agreement shall terminate immediately upon written notice from the City.

Either Party, upon tendering ten (10) calendar days written notice to the other Party, may terminate this Agreement for convenience. In this event and upon request of City, Contractor will assemble the work product without charge and put it in order for proper filing and closing and deliver it to City. Contractor will be paid for work performed to the termination date; however, the total will not exceed the lump sum fee payable under this Agreement. City will make the final determination as to the portions of tasks completed and the compensation to be made.

17. Covenants Against Contingent Fees. Contractor warrants that Contractor has not employed or retained any company or person, other than a bona fide employee working for Contractor, to solicit or secure this Agreement, and that Contractor has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of this Agreement. For breach or violation of this warranty, City will have the right to terminate this Agreement for nonperformance, or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of the fee, commission, percentage, brokerage fees, gift, or contingent fee.

18. Jurisdiction, Venue and Governing Law. Any action at law or in equity brought by either of the Parties for the purpose of enforcing a right or rights provided for by this Agreement will be tried in a court of competent jurisdiction in the County of Los Angeles, State of California, and the Parties waive all provisions of law providing for a change of venue in these proceedings to any other county. This agreement will be governed by the laws of the State of California.

19. **Testimony.** Contractor will testify at City's request if litigation is brought against City in connection with Contractor's services under this agreement. Unless the action is brought by Contractor, or is based upon Contractor's actual or alleged negligence or other wrongdoing, City, upon prior written agreement with Contractor will compensate Contractor for time spent in preparation for testimony, testimony, and travel at Contractor's standard hourly rates at the time of actual testimony.

20. **Waivers.** The waiver by either Party of any breach or violation of any term, covenant, or condition of this Agreement or of any applicable law will not be deemed to be a waiver of such term, covenant, condition or law or of any subsequent breach or violation of same or of any other term, covenant, condition or law. The acceptance by either Party of any fee or other payment which may become due under this Agreement will not be deemed to be a waiver of any preceding breach or violation by the other Party of any term, covenant, or condition of this Agreement or any applicable law.

21. **Authority.** The individuals executing this Agreement and the instruments referenced in it on behalf of Contractor each represent and warrant that they have the legal power, right and actual authority to bind Contractor to the terms and conditions of this Agreement.

22. **Severability.** If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

23. **Amendments.** This Agreement may be modified or amended only be written document executed by both Contractor and City's City Manager and approved as to form by the City Attorney. Such document shall expressly state that it is intended by the parties to amend the terms and conditions of this Agreement.

24. **Confidentiality.** All documents, reports, information, data, and exhibits prepared or assembled by Contractor in connection with the performance of the Services pursuant to the Agreement are confidential until released by the City to the public, and the Contractor will not make any of these documents or information available to any individual or organization not employed by the Contractor or the City without the written consent of the City before any such release.

25. **Entire Agreement.** This Agreement, together with any other written document referred to or contemplated by it embody the entire Agreement and understanding between the parties relating to the subject matter of it. The City Manager is authorized, in consultation with the City Attorney, to agree to non-material amendments to this Agreement. Neither this Agreement nor any of its provisions may be amended, modified, waived or discharged except in a writing signed by both parties.

26. **Notices.** Any notices required or permitted under this Agreement shall be effective when delivered in person; and effective one (1) business day after delivery by facsimile transmission; and effective five (5) days after mailing by U.S. Mail, postage prepaid and properly addressed as follows:

Services Agreement – Melvinna Sharp
 Legislative Bodies Minutes – Transcription FY 2016-2017
 Resolution No. _____ (City Clerk)

To Contractor:

MELVINNA SHARP
902 North Poinsettia Avenue
Compton, California 90220
Attn: Melvinna Sharp
(562) 441-6645
(888) 421-8798 fax.

To City:

CITY OF COMPTON
205 South Willowbrook Avenue
Compton, California 90220
Attn: City Clerk
(310) 605-5530
(310) 639-4685 – fax.

With copy to:

City of Compton
205 South Willowbrook Avenue
Compton, California 90220
Attn: City Manager

In the event of any change of address, the moving party is obligated to notify the other party of the change of address in writing. Each party may amend, supplement and update the notice list to add, delete or replace any listed individuals; however, the amendment must be in writing.

27. Miscellaneous. No provision of this Agreement is to be interpreted for or against either party because that party or that party's legal representative drafted such provision.

Should either party hereto, or any representative, successor or assign of either party hereto, resort to litigation to enforce the provisions of this Agreement, the party or parties prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to recover its or their reasonable attorney's fees and costs in such litigation from the party or parties against whom enforcement is sought.

IN WITNESS WHEREOF, CONTRACTOR has executed this Agreement, and the **CITY**, by its City Manager, who is authorized to do so, has executed this Agreement.

CONTRACTOR

Dated: _____

By _____
Melvinna Sharp

CITY OF COMPTON
Recommended for Approval:

Dated: _____

By _____
Alita Godwin, City Clerk

#9.

Services Agreement – Melvinna Sharp
Legislative Bodies Minutes – Transcription FY 2016-2017
Resolution No. _____ (City Clerk)

Approved By:

Dated: _____

By _____
Roger Haley, City Manager

Approved as to form:

By _____
Craig J. Cornwell, City Attorney

Dated: _____

ATTEST:

Dated: _____

By _____
Alita Godwin, City Clerk

RESOLUTION SIGN-OFF FORM

DEPARTMENT: City Clerk

RESOLUTION TITLE: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT AND ISSUE A PURCHASE ORDER TO MELVINNA SHARP FOR TRANSCRIPTION AND PREPARATION OF MEETING MINUTES OF THE CITY’S LEGISLATIVE BODIES AND SPECIALIZED ELECTRONIC SERVICES FOR FISCAL YEAR 2016-2017 (\$35,500)

Alita Godwin
DEPARTMENT MANAGER’S SIGNATURE

7/7/2016 1:02:13 PM
DATE

REVIEW / APPROVAL

Ruth Rugley
CITY ATTORNEY

7/8/2016 2:27:58 PM
DATE

Austin Okonta
CITY CONTROLLER

7/7/2016 2:58:12 PM
DATE

Roger Haley
CITY MANAGER

7/7/2016 1:04:21 PM
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

July 19, 2016

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: CITY MANAGER

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
AUTHORIZING THE CITY MANAGER TO ENTER INTO AN
AGREEMENT WITH CHANGE FOUNDATION FOR GRAFFITI
REMOVAL SERVICES FOR FISCAL YEAR 2016-2017 ON AN URGENT
NEED BASIS**

SUMMARY

This Resolution authorizes the City Manager to enter into an agreement for Graffiti Abatement services with Change Foundation for fiscal year 2016-2017 on an urgency basis.

BACKGROUND

The City of Compton is plagued with recurring graffiti or "tagging" on public property. Graffiti negatively impacts our community in several ways, such as, devaluing property, deterring business related investments into our community and most importantly, graffiti often times lead to violence and other crimes in the vicinity of the tagging.

The City engaged the services of Change Foundation to provide urgently needed for five months during last fiscal year. These services were provided in a responsive and competent manner throughout the term of the agreement. Prior to the end of the contract, staff intended, but was unable to, complete an RFP for a multi-year agreement.

STATEMENT OF THE ISSUE

Currently, staff is concerned not to allow another service gap in graffiti removal while preparing an RFP for a multi-year agreement, and is proposing to allow Change Foundation to continue graffiti removal services for the 2016-2017 fiscal year. The cost of these services will continue at the rate of the prior contract to Change Foundation. The contract for this resolution proposes a thirty day termination notice and when the RFP is completed during this fiscal year Council can choose to terminate this agreement and enter into another agreement with the successful bidder.

#10.

Graffiti Abatement Services Staff Report
July 19, 2016
Page 2

FISCAL IMPACT

Adequate funds (\$150,000) are available in the FY 2016-17 Public Works/Municipal Utilities Department's adopted budget per account no. 2502-720-000-4266.

ALTERNATIVE

City Council may not authorize a contract with this graffiti company and staff will explore other options to address this need.

STAFF RECOMMENDATION

Staff recommends that City Council authorize the City Manager to enter into an agreement with Change Foundation for urgent graffiti services for the 2016-2017 fiscal year.

ROGER HALEY
CITY MANAGER

**PROFESSIONAL SERVICES AGREEMENT
BETWEEN
CITY OF COMPTON
AND
C.H.A.N.G.E. FOUNDATION**

This **AGREEMENT** is entered by and between the **CITY OF COMPTON**, a municipal corporation of the State of California (hereinafter referred to as "**CITY**") located at 205 South Willowbrook Avenue, Compton, California 90220, and **C.H.A.N.G.E. (Casting Hope Against Negative Gang Environment) Foundation**, a California Corporation (hereinafter referred to as "**CONTRACTOR**"), located at 1817 E. Pine Street, Compton California 90221.

RECITALS:

WHEREAS, the City is in need of retaining the services of an experienced and qualified graffiti removal contractor to assist in removing graffiti in an expeditious manner throughout the City.

WHEREAS, Contractor shall perform in a professional manner, everything required to be performed, shall provide and furnish all the administration, labor, materials, necessary tools, expendable equipment and all utility and transportation services for the provision of graffiti removal services for all public property- to include one and two story building, walkways, bike trails, wall, gates and fences, and poles; and other structures deemed necessary by the City as follows:

- Pro-active, self-monitoring.
- Color matching required.
- Before and After photos (black and white).

WHEREAS, by Resolution No. _____, adopted on the _____ day of July 2016, the City Council gave approval to award a contract to the Contractor to provide the services required by this Agreement; and

WHEREAS, Contractor warrants that it is specifically trained, experienced, competent, and has the resources to provide such services which will be required by this Agreement; and

WHEREAS, Contractor is willing to render such professional services subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, Contractor and City (each a "Party" and collectively, the "Parties"), for the consideration, terms and conditions herein described, mutually agree as follows:

AGREEMENT:

1. Services to be Rendered by Contractor. It is the mutual understanding of the parties that the Contractor shall perform and be responsible for providing and rendering the following professional services, which shall include, but not be limited to the below-indicated tasks and deliverables:

Contractor will provide graffiti removal services on a full-time, five days a week proactive, self-monitoring basis as well as on-call assignments from Public Works Department and City Manager's Office on weekdays and weekends.

Graffiti removal services shall be performed on all public property- to include one and two story building, walkways, bike trails, wall, gates and fences, poles and areas visible from the public right-of-way; private property- to include walkways, walls , gates and fences, poles, structures and areas visible from the public right-of-way; and other structures deemed necessary by the City.

Color matching is required and before and after photos of each site worked shall be taken by the Contractor and supplied to the City.

Contractor acknowledges that in entering into this Agreement the City is relying on Contractor's special skills and experience to do and perform the services in accordance with best standards of professional practice. While performing the Services, Contractor agrees to perform all the said work and furnish all the necessary materials at its own cost and expense necessary to complete said services in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances and to the reasonable satisfaction of the City.

Contractor services hereunder shall be performed in good, workmanlike and professional manner. Contractor shall be responsible for correcting and completing all errors and omissions related to the services provided by the Contractor for this Agreement at no additional cost to the City. "Errors" and "Omissions" for purposes of this paragraph are defined to mean a failure by the Contractor to meet the standards of its profession as set forth in the preceding paragraph. The acceptance of the services by City does not release Contractor from these obligations.

Contractor will be responsible for employing or engaging all persons necessary to perform the services. All of Contractor's staff will be qualified by training and experience to perform their assigned tasks. Contractor will give its personal attention to the fulfillment of the provisions of this Agreement by all of its employees and subcontractors, if any, and will keep the services under its control. On demand of City, if any employee or subcontractor of Contractor fails or refuses to carry out the provisions of this Agreement or appears to be incompetent or to act in a disorderly or improper manner, he or she will be discharged immediately from the services.

Donal Holloway, CEO of Contractor, shall be primarily responsible for representing Contractor in performance of this Agreement.

2. Duration of Contract. Contractor agrees to commence the services provided for herein upon written Notification to Proceed from the City and to continue in a diligent and professional manner from July 1, 2016 until June 30, 2017.

Contractor will generally adhere to the schedule set forth by the City provided, that City will grant reasonable extensions of time for the performance of the services occasioned by unusually lengthy governmental reviews of Contractor's work product or other unavoidable delays occasioned by unforeseen circumstances; provided, further, that such unavoidable delay will not include strikes, lockouts, work stoppages, or other labor disturbances conducted by, or on behalf of, Contractor's officers or employees.

Contractor acknowledges the importance to City of City's project schedule and agrees to put forth its best professional efforts to perform the services in a manner consistent with that schedule. City understands, however, that Contractor's performance must be governed by sound practices. Contractor will work such overtime or engage such personnel and equipment as necessary to maintain the schedule, without additional compensation.

3. Compensation. The total price paid the Contractor will include compensation for all work, including travel, materials, supplies, vendor services, expenses and subcontracted work. No additional compensation will be paid to the Contractor.

As full and complete compensation for performance of all the services performed by the Contractor pursuant to this Agreement, City shall pay, and Contractor agrees to accept, a not-to-exceed maximum sum of **One Hundred Fifty Thousand Dollars (\$150,000)**, payable as follows:

- Monthly Payments of \$12,500.00, not-to-exceed \$150,000.00.

In the event of termination, the Contractor shall be entitled to compensation for the undisputed reasonable value of services performed to the effective date of termination, including any noncancellable obligations incurred prior to termination; provided, however, that the City may condition payment of such compensation upon the Contractor's delivery to the City of any and all City property, documents, reports, records, materials and work product associated with the performance of this Agreement.

4. Ownership of Materials. All product produced by Contractor or its agents, employees, and subcontractors pursuant to this Agreement (the "Work Product") is the property of City. In the event this Agreement is terminated, all Work Product produced by Contractor or its agents, employees and subcontractors pursuant to this Agreement will be delivered to City pursuant to the termination clause of this Agreement. Contractor will have the right to make one (1) copy of the Work Product for Contractor's records.

The Work Product may be used by City and its agents, employees, representatives, and assigns, in whole or in part, or in modified form, for all purposes City may deem advisable, without further employment of or payment of any compensation to Contractor; provided, however, that if this Agreement is terminated for any reason prior to completion of the Project and if under such circumstances City uses, or engages the services of and directs another Contractor to use, the Work Product, City agrees to hold Contractor harmless from any and all liability, costs, and expenses relative to claims arising out of matters and/or events which occur subsequent to the termination of this Agreement as a result of causes other than the fault or negligence of Contractor, or anyone for whose acts it is responsible, in preparation of the Work Product. Contractor will not be responsible for deficiencies solely attributable to modifications of the Work Product performed by others, or that arise from use of the Documents in connection with a project or site other than that shown in the Work Product.

5. Independent Contractor Status. Contractor, its officers, employees, subContractors, subcontractors, agents and volunteers (collectively hereinafter the "Contractor"), will perform the services in Contractor's own way and pursuant to this Agreement as an independent contractor and in pursuit of Contractor's independent calling, and not as an employee of City. The persons used by Contractor to provide the services under this Agreement will not be considered employees of City for any purposes. Neither the City nor any of its officers, employees, agents or volunteers shall have any control over the conduct of the Contractor, except as expressly set forth in this Agreement. Contractor expressly warrants that while engaged in carrying out and complying with any terms and conditions of this Agreement that Contractor shall not at any time or in any manner, represent that Contractor is in any manner officers, employees, agents or volunteers of the City. Contractor shall obtain no rights to retirement, health care or any other benefit that accrue to City officials, officers, or employees. Contractor expressly waives any claim to such rights.

The payment made to Contractor pursuant to the Agreement will be the full and complete compensation to which Contractor is entitled. City will not make any federal or state tax withholdings on behalf of Contractor or its agents, employees or subcontractors. City will not pay any workers' compensation insurance, retirement contributions or unemployment contributions on behalf of Contractor or its employees or subcontractors. Contractor agrees to indemnify and pay City within thirty (30) days for any tax, retirement contribution, social security, overtime payment, unemployment payment or workers' compensation payment which City may be required to make on behalf of Contractor or any agent, employee, or contractor of Contractor for work done under this Agreement. At the City's election, City may deduct the amounts paid pursuant to this Section, from any balance owing to Contractor.

6. Successors, Assignment and Delegation. City and the Contractor each binds themselves, their partners, successors, assigns and legal representatives to the other hereto and to partners, successors, assigns and legal representatives of such other party in respect to all covenants, agreements and obligations contained in this Agreement.

The expertise and experience of Contractor are material considerations for this Agreement. Contractor shall not assign or transfer any interest in this Agreement or the performance of any of Contractor's obligations under this Agreement without the prior written consent of the City. Any attempted assignment or transfer of any of Contractor's rights, duties or obligations arising under this Agreement shall be null and void.

7. Nondiscriminatory Employment Practices. During the performance of this Agreement, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, sex, creed, color, religion, age, sexual orientation, marital status, national origin, political affiliation, handicap or belief in accordance with requirements of City, State or Federal laws and regulations. Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, sex, creed, color, religion, age, sexual orientation, marital status, national origin, political affiliation, handicap or belief in accordance with requirements of City, State or Federal laws and regulations. Such actions shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoffs or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees, applicants and subcontractors for employment, notices setting forth the provisions of this non-discrimination clause.

In the event of the Contractor's non-compliance with the non-discrimination clause of this Agreement, this Agreement may be immediately canceled, terminated or suspended in whole or in part.

8. Subcontracting. Contractor's services are unique and personal. Except as may be specified in Contractor's Proposal and agreed to by the City, Contractor will not subcontract any portion of the services without prior written approval of City Manager or his/her designee. If Contractor subcontracts any of the services, Contractor will be fully responsible to City for the acts, errors and omissions of Contractor's subcontractor and of the persons either directly or indirectly employed by the subcontractor, as Contractor is for the acts and omissions of persons directly employed by Contractor. Nothing contained in this Agreement will create any contractual relationship between any subcontractor of Contractor and City. Contractor will be responsible for payment of subcontractors. Contractor will bind every subcontractor and every subcontractor of a subcontractor by the terms of this Agreement applicable to Contractor's work unless specifically noted to the contrary in the subcontract and approved in writing by City.

9. Other Contractors. The City reserves the right to employ other Contractors in connection with the services.

10. Indemnification. Contractor shall indemnify and save harmless the City, its officials, officers, employees, agents and volunteers (collectively hereinafter the "City"), against any and all damages to property or injuries to or death of any person or persons, including property and employees or agents of the City and shall indemnify and save the City from any and all liability and expense including reimbursement of reasonable defense costs and legal fees, and claims, demands, suits, actions or proceedings of any kind or nature, including Workers' Compensation claims, of or by anyone whomsoever to the extent resulting from or arising out of the negligent, reckless or willful misconduct for the Contractor, its officers, employees, subContractors, subcontractors or agents in the performance of the duties undertaken by Contractor pursuant to this Agreement.

This indemnification and hold harmless obligation does not extend to claims arising out of the negligence or willful misconduct of the City.

11. Insurance. Without limiting the Contractor's indemnification of the City, Contractor shall obtain and maintain, at its cost and expense, for the duration of the Agreement and any and all amendments, insurance against claims for injuries to persons or damage to property which may arise out of or in connection with performance of the services by Contractor or Contractor's agents, representatives, employees or subcontractors. The insurance will be obtained from an insurance carrier admitted and authorized to do business in the State of California. Such evidence shall specifically identify this Agreement and shall contain express conditions that the City is to be given written notice at least thirty (30) days in advance of any termination or implementation of a reduction of limits or material change of insurance coverage as specified herein. ***Failure on the part of the Contractor to procure or maintain insurance shall constitute a material breach upon which the City may immediately terminate this Agreement.*** All insurance required hereunder shall be primary with respect to any insurance maintained by the City.

Coverages and Limits. Contractor will maintain the types of coverages and minimum limits indicated below, unless the Risk Manager or City Manager, in consultation with the City Attorney approves a lower amount. These minimum amounts of coverage will not constitute any limitations or cap on Contractor's indemnification obligations under this Agreement. City, its

officers, agents, volunteers and employees make no representation that the limits of the insurance specified to be carried by Contractor pursuant to this Agreement are adequate to protect Contractor. The coverage will contain no special limitations on the scope of its protection to the below-indicated insureds except for Workers' Compensation and errors and omissions insurance. Contractor will obtain occurrence coverage, excluding Professional Liability, which will be written as claims-made coverage. If Contractor believes that any required insurance coverage is inadequate, Contractor will obtain such additional insurance coverage, as Contractor deems adequate, at Contractor's sole expense.

11.1 Commercial General Liability Insurance. \$1,000,000 combined single-limit per occurrence for bodily injury, personal injury and property damage. If the submitted policies contain aggregate limits, general aggregate limits will apply separately to the work under this Agreement or the general aggregate will be twice the required per occurrence limit.

11.2 Automobile Liability. \$1,000,000 combined single-limit per accident for bodily injury and property damage.

11.3 Workers' Compensation and Employer's Liability. Workers' Compensation limits as required by the California Labor Code and Employer's Liability limits of \$1,000,000 per accident for bodily injury. Workers' Compensation and Employer's Liability insurance will not be required if Contractor has no employees and provides, to City's satisfaction, a declaration stating this.

Endorsements. For Commercial General Liability Insurance and Automobile Liability Insurance, Contractor will ensure that the policies are endorsed to name the City of Compton and its respective elected and appointed officers, officials, employees, agents and volunteers as **"additional insureds"** with respect to liability arising out of the activities of the Contractor. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City. ***Prior to City's execution of this Agreement, Contractor will furnish certificates of insurance and endorsements to City.***

Waiver of Subrogation. The policies shall contain a waiver of subrogation for the benefit of City.

12. Permits and Licenses. Contractor, at its own expense, during the term of this Agreement, shall obtain and maintain all appropriate business and professional permits, licenses and certificates that may be required in connection with the performance of services by the Contractor. Upon execution of this Agreement, the Contractor shall show evidence of a business license permit in conformance with *Section 9-1.2 of the Compton Municipal Code.*

13. Maintenance of Records. Contractor will maintain complete and accurate records with respect to costs incurred under this Agreement. All records will be clearly identifiable. Contractor will allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of records and any other documents created pursuant to this Agreement. Contractor shall maintain all records and will allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period and to the extent required by laws relating to audits of public agencies and their expenditures, from the date of final payment under this Agreement.

14. Warranties. Contractor represents and warrants (i) that Contractor has no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with Contractor's

undertaking this relationship with City, (ii) that the performance of the services called for by this Agreement do not and will not violate any applicable law, rule or regulation or any proprietary or other right of any third party, (iii) that Contractor will not use in the performance of his responsibilities under this Agreement any confidential information or trade secrets of any other person or entity and (iv) that Contractor has not knowingly entered into or will enter into any agreement (whether oral or written) in conflict with this Agreement.

15. Federal and State Withholding Taxes. Contractor shall be responsible for paying when due all federal and state income withholding taxes for all earning under this Agreement. Contractor agrees to indemnify City for any claims, costs, losses, fees, penalties, interest, or damages suffered by City resulting from Contractor's failure to comply with this provision.

16. General Compliance with Laws. Contractor will keep fully informed of federal, state and local laws and ordinances and regulations which in any manner affect those employed by Contractor, or in any way affect the performance of the services by Contractor. Contractor will at all times observe and comply with these laws, ordinances, and regulations and will be responsible for the compliance of the services with all applicable laws, ordinances and regulations.

17. Termination. In the event of the Contractor's failure to prosecute, deliver, or perform the services, after giving written notice of default and two (2) days to correct the same, then, in addition to any other remedies, City may terminate this Agreement for nonperformance by notifying Contractor in writing. Contractor has five (5) business days to deliver any documents owned by City and all work in progress to City address contained in this Agreement. City will make a determination of fact based upon the work product delivered to City and of the percentage of work that Contractor has performed which is usable and of worth to City in having the Agreement completed. Based upon that finding City will determine the final payment of the Agreement. In the event City elects to terminate, City will have the right to immediate possession of all Work Product and work in progress prepared by Contractor, whether located at the project site, at Contractor's place of business, or at the offices of a subContractor.

The City's obligation is payable only from funds appropriated for the purpose of this Agreement. All funds for payments after the end of the current fiscal year are subject to the City's legislative appropriation for this purpose. In the event this Agreement extends into succeeding fiscal year periods and the City Council does not allocate sufficient funds for the next succeeding fiscal year payments, this Agreement shall terminate immediately upon written notice from the City.

Either Party, upon tendering thirty (30) calendar days written notice to the other Party, may terminate this Agreement for convenience. In this event and upon request of City, Contractor will assemble the work product without charge and put it in order for proper filing and closing and deliver it to City. Contractor will be paid for work performed to the termination date; however, the total will not exceed the lump sum fee payable under this Agreement. City will make the final determination as to the portions of tasks completed and the compensation to be made.

18. Covenants Against Contingent Fees. Contractor warrants that Contractor has not employed or retained any company or person, other than a bona fide employee working for Contractor, to solicit or secure this Agreement, and that Contractor has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from,

the award or making of this Agreement. For breach or violation of this warranty, City will have the right to terminate this Agreement for nonperformance, or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of the fee, commission, percentage, brokerage fees, gift, or contingent fee.

19. Claims And Lawsuits. By signing this Agreement, Contractor agrees that any Agreement claim submitted to City must be asserted as part of the Agreement process as set forth in this Agreement and not in anticipation of litigation or in conjunction with litigation. Contractor acknowledges that if a false claim is submitted to City by Contractor, it may be considered fraud and Contractor may be subject to criminal prosecution. Contractor acknowledges that California Government Code sections 12650 *et seq.*, the False Claims Act, applies to this Agreement and, provides for civil penalties where a person knowingly submits a false claim to a public entity. These provisions include false claims made with deliberate ignorance of the false information or in reckless disregard of the truth or falsity of information. If City seeks to recover penalties pursuant to the False Claims Act, it is entitled to recover its litigation costs, including attorney's fees. Contractor acknowledges that the filing of a false claim may subject Contractor to an administrative debarment proceeding as the result of which Contractor may be prevented to act as a Contractor on any public work or improvement for a period of up to five (5) years. Contractor acknowledges debarment by another jurisdiction is grounds for City to terminate this Agreement.

20. Certifications. The Contractor, under penalty of perjury, certifies that, except as noted below, he/she or any other person associated therewith in the capacity of owner, partner, director, officer, manager:

- is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any Federal, State or local agency;
- has not been suspended, debarred, voluntarily excluded or determined ineligible by any Federal, State or local agency within the past 3 years;
- does not have a proposed debarment pending; and
- has not been indicted, convicted, or had a civil judgment rendered against he/she/it by a court of competent jurisdiction in any matter involving fraud or official misconduct in connection with obtaining, attempting to obtain, or performing a public (Federal, state or local) transaction or contract under a public transaction; violation of Federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property within the past 3 years; and
- are not presently indicted or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in the preceding paragraph; and
- have not had one or more public transactions (Federal, State or local) terminated for cause or default within the past 3 years.

If there are any exceptions to this certification, insert the exceptions in the following space.

[Supply exceptions on separate page]

For any exception noted above, indicate below to whom it applies, initiating agency, and dates of action.

[Attach separate page]

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction. The above certifications are part of this contract. Signing this agreement on the signature portion thereof shall also constitute signature of the above Certifications.

Donal Holloway, CEO

(Date)

21. Jurisdiction, Venue and Governing Law. Any action at law or in equity brought by either of the Parties for the purpose of enforcing a right or rights provided for by this Agreement will be tried in a court of competent jurisdiction in the County of Los Angeles, State of California, and the Parties waive all provisions of law providing for a change of venue in these proceedings to any other county. This agreement will be governed by the laws of the State of California.

22. Testimony. Contractor will testify at City's request if litigation is brought against City in connection with Contractor's services under this agreement. Unless the action is brought by Contractor, or is based upon Contractor's actual or alleged negligence or other wrongdoing, City, upon prior written agreement with Contractor will compensate Contractor for time spent in preparation for testimony, testimony, and travel at Contractor's standard hourly rates at the time of actual testimony.

23. Waivers. The waiver by either Party of any breach or violation of any term, covenant, or condition of this Agreement or of any applicable law will not be deemed to be a waiver of such term, covenant, condition or law or of any subsequent breach or violation of same or of any other term, covenant, condition or law. The acceptance by either Party of any fee or other payment which may become due under this Agreement will not be deemed to be a waiver of any preceding breach or violation by the other Party of any term, covenant, or condition of this Agreement or any applicable law.

24. Authority. The individuals executing this Agreement and the instruments referenced in it on behalf of Contractor each represent and warrant that they have the legal power, right and actual authority to bind Contractor to the terms and conditions of this Agreement.

25. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

26. Amendments. This Agreement may be modified or amended only be written document executed by both Contractor and City's City Manager and approved as to form by the City Attorney. Such document shall expressly state that it is intended by the parties to amend the terms and conditions of this Agreement.

27. Confidentiality. All documents, reports, information, data, and exhibits prepared or assembled by Contractor in connection with the performance of the Services pursuant to the Agreement are confidential until released by the City to the public, and the Contractor will not

make any of these documents or information available to any individual or organization not employed by the Contractor or the City without the written consent of the City before any such release.

28. Entire Agreement. This Agreement, together with any other written document referred to or contemplated by it embody the entire Agreement and understanding between the parties relating to the subject matter of it. The City Manager is authorized, in consultation with the City Attorney, to agree to non-material amendments to this Agreement. Neither this Agreement nor any of its provisions may be amended, modified, waived or discharged except in a writing signed by both parties.

29. Notices. Any notices required or permitted under this Agreement shall be effective when delivered in person; and effective one (1) business day after delivery by facsimile transmission; and effective five (5) days after mailing by U.S. Mail, postage prepaid and properly addressed as follows:

TO CONTRACTOR:

**DONAL HOLLOWAY
C.H.A.N.G.E. FOUNDATION
1817 E. PINE STREET
COMPTON, CA 90221**

TO CITY:

**CITY OF COMPTON
205 South Willowbrook Avenue
Compton, California 90220
Attn: Public Works Director
(310) 761-1406 (wk)
(310) 761-1464 (fx)**

With Copy to:

**CITY OF COMPTON
205 South Willowbrook Avenue
Compton, California 90220
Attn: City Manager**

30. Miscellaneous. No provision of this Agreement is to be interpreted for or against either party because that party or that party's legal representative drafted such provision.

Should either party hereto, or any representative, successor or assign of either party hereto, resort to litigation to enforce the provisions of this Agreement, the party or parties prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to recover its or their reasonable attorney's fees and costs in such litigation from the party or parties against whom enforcement is sought.

IN WITNESS WHEREOF, CONTRACTOR has executed this Agreement, and the **CITY**, by its City Manager, who is authorized to do so, has executed this Agreement.

C.H.A.N.G.E. Foundation/ CONTRACTOR

Dated: _____

By _____

Donal Holloway, CEO

CITY OF COMPTON

Approved by:

Dated: _____

By _____
Roger L. Haley, City Manager

Approved as to form:

By _____
Craig J. Cornwell, City Attorney

Dated: _____

ATTEST:

Dated: _____

By _____
Alita Godwin, City Clerk

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT
WITH CHANGE FOUNDATION FOR GRAFFITI REMOVAL SERVICES FOR
FISCAL YEAR 2016-2017 ON AN URGENT NEED BASIS**

WHEREAS, graffiti or "tagging" negatively impacts our community in several ways, such as, devaluing property, deterring business related investments into our community and most importantly graffiti often times lead to violence and other crimes in the vicinity of the tagging; and

WHEREAS, CHANGE Foundation has performed urgent graffiti removal services for approximately the past five (5) months which agreement expired on June 30, 2016; and

WHEREAS, staff intended to, but was unable to, release a new Request For Proposal prior to the expiration of the most recent graffiti agreement; and

WHEREAS, the City of Compton remains impacted by the recurrence of graffiti throughout the City and needs a graffiti company to remove the graffiti as expeditiously as possible; and

WHEREAS, it is staff's opinion that the services that have been provided by CHANGE Foundation have been responsive and competent during this prior interim period; and

WHEREAS, staff is requesting that CHANGE Foundation continue with graffiti removal services until a Request For Proposal is completed and successful bidder selected; and

WHEREAS, staff is requesting that funds in an amount of \$150,000.00 are available in the Public Works/Municipal Utilities Department's 2016-2017 Fiscal Year budget in account no. 2502-720-000-4266.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES
HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. That the City Manager is hereby authorized to enter into, upon the advice of the City Attorney, an agreement for graffiti abatement services with CHANGE Foundation for four months in fiscal year 2016-2017 on an urgent need basis.

SECTION 2. That the funds for these expenditures are in the Public Works/Municipal Utilities Department's 2016-2017 Fiscal Year budget in Account No. 2502-720-000-4266 in an amount not to exceed \$50,000.00 for four (4) months beginning upon the execution of the agreement.

SECTION 3. That a copy of this Resolution shall be filed in the offices of the City Manager, City Controller, City Clerk, City Attorney and the Public Works/Municipal Utilities Department.

SECTION 4. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this ____ day of _____, 2016.

RESOLUTION NO. _____
Page 2

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the ____ day of _____, 2016.

That said Resolution was adopted by the following vote to wit:

AYES:	COUNCIL MEMBERS-
NOES:	COUNCIL MEMBERS-
ABSENT:	COUNCIL MEMBERS-
ABSTAIN:	COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON

July 19, 2016

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: CITY ATTORNEY

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
COMPTON AUTHORIZING THE CITY MANAGER TO
ENTER INTO LEGAL SERVICES RETAINER
AGREEMENTS FOR FISCAL YEARS 2016-2017 AND 2017-
2018 TO ASSIST THE CITY ATTORNEY'S OFFICE**

SUMMARY

The City Council will consider adopting a Resolution authorizing the City Manager to enter into various legal services retainer agreements to assist the City Attorney's Office.

BACKGROUND

The Compton City Charter, Section 702, authorizes the City Council to employ outside attorneys to assist the Office of the City Attorney in the handling of the legal business of the City. Over the years, the City of Compton has retained the services of various outside law firms to assist the Office of the City Attorney with specific complex matters and in specialized areas of the law.

STATEMENT OF THE ISSUE

The City of Compton has identified the need to secure expert legal services to assist the City and the Office of the City Attorney. Such outside legal assistance will focus on specialized municipal projects including but not limited to City Attorney's Office conflict of interest matters, municipal labor and employment practices, complex litigation, advisory services, multiple city representation and municipal specific advice letters. The retention of outside legal services will be exercised on an "as-needed" basis by the City Attorney.

This Resolution will authorize the City Attorney to enter into legal retainer agreements with the following law firms: Richard Watson and Gershon, Sanders Roberts and Jewett LLP, Albright, Yee & Schmit LLP, Atkinson, Andelson, Loya, Ruud & Romo, Tafoya & Garcia LLP, Harris and Associates and Filer Palmer, LLP.

FINANCIAL IMPACT

Funds to pay outside legal services are available in the 2016-2017 Fiscal Year Budget of the City Attorney's Office and will be used on an "as-needed" basis. An allocation will be made in the 2017-2018 Fiscal Year Budget for these services.

#11.

Legal Services Retainer Staff Report
Page 2 of 2

The above-referenced legal retainer agreements shall be paid from the budgeted fund account number 1001-42-0000-4261 and 6400-42-0000-4261.

RECOMMENDATION

Staff recommends that the City Council adopt the attached Resolution authorizing the City Manager to enter into various legal services retainer agreements to assist the City Attorney's Office.

CRAIG J. CORNWELL
CITY ATTORNEY

APPROVED FOR FORWARDING

ROGER L. HALEY
CITY MANAGER

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
COMPTON AUTHORIZING THE CITY MANAGER TO
ENTER INTO LEGAL SERVICES RETAINER AGREEMENTS
FOR FISCAL YEARS 2016-2017 AND 2017-2018 TO ASSIST
THE CITY ATTORNEY**

WHEREAS, Section 702 of the Compton City Charter authorizes the City Council to employ outside attorneys to assist the City and the Office of the City Attorney in the handling of the legal business of the City; and

WHEREAS, over the years the City of Compton has retained the services of various law firms to assist the Office of the City Attorney with specific cases and in specialized areas of the law; and

WHEREAS, the City has identified the need to secure expert legal transactional and litigation services to assist the City and the Office of the City Attorney on an as-needed basis with specialized projects such as City Attorney's Office conflict of interest matters, municipal labor and employment practices, complex litigation, advisory services, multiple city representation matters and municipal related advice letters; and

WHEREAS, over the last two years the authorized legal panel, with City Attorney oversight, has achieved significant legal victories for the City of Compton taxpayer, including a 3.6 million dollar jury awarded defense verdict, employee discipline appeals and discrimination litigation rulings in favor of the City.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON
RESOLVES AS FOLLOWS:**

Section 1. That the City Manager is authorized to enter into legal retainer agreements, upon the advice of the City Attorney, with the following law firms for the 2016/2017 Fiscal Year Budget and 2017/2018 Fiscal Year Budgets: Richard Watson and Gershon, Sanders Roberts and Jewett LLP, Albright, Yee & Schmit LLP, Tafoya & Garcia LLP, Harris and Associates, Andelson, Loya, Ruud & Romo and Filer Palmer, LLP to assist the City Attorney's Office as needed.

Section 2. That the above referenced legal retainer agreements shall be paid from account number 1001-42-0000-4261 and 6400-42-0000-4261.

Section 3. That the hourly rates shall not exceed \$325.00 an hour.

Section 4. That a duly certified copy of this Resolution shall be delivered to the Offices of City Manager, City Attorney, City Controller and City Clerk.

Section 5. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this _____ day of _____, 2016

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)
CITY OF COMPTON)

I, Alita Godwin, City Clerk of the City of Compton hereby certify that the foregoing Resolution was adopted by the City Council of the City of Compton, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held this _____ day of _____ 2016.

That said Resolution was adopted by the following vote, to wit:

AYES: COUNCIL MEMBERS
NOYES: COUNCIL MEMBERS
ABSTAIN: COUNCIL MEMBERS
ABSENT: COUNCIL MEMBERS

CITY CLERK OF THE CITY OF COMPTON

July 19, 2016

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON DECLARING THE RESULTS OF A SPECIAL MUNICIPAL ELECTION IN THE CITY OF COMPTON HELD IN THE CITY ON JUNE 7, 2016

SUMMARY

The attached Resolution declares the results of a Special Municipal Election held on June 7, 2016.

BACKGROUND

The California Revenue and Taxation Code authorizes the City of Compton (“City”) to levy a transactions and use tax at a rate not to exceed one percent for general purposes, subject to a majority vote of the qualified electors of the City voting on the issue.

On February 9, 2016, the City Council adopted an ordinance calling for a special municipal election to be held on June 7, 2016, (“Special Election”) to be consolidated with the election to be conducted by the County of Los Angeles on the same date. The City Council also approved an ordinance imposing a one percent transaction and use tax for general purposes (“Tax Ordinance”) and ordered that the ballot proposition relating to the imposition of the Tax Ordinance (“Ballot Proposition”) be submitted to the voters at the Special Election.

The Special Election was held on June 7, 2016. The Registrar-Recorder/County Clerk of the County of Los Angeles provided election services, including the official canvass of the votes cast in the Special Election, and it appears that the Special Election was held and conducted in accordance with the provisions of the California Elections Code.

The whole number of ballots cast in the City at the Special Election was 15,212, of which 6,833 were voted for the Ballot Proposition and 6,608 were voted against the Ballot Proposition. According to the Office of the Registrar-Recorder/County Clerk of the County of Los Angeles, 1,771 of the ballots cast in the City at the Special Election did not vote on the Ballot Proposition. The Ballot Proposition was approved by a majority of the votes cast at the Special Election.

Pursuant to Section 10264 of the California Elections Code, the City Clerk is required to insert in the minutes of the meeting of the City Council a statement of the results of the Special Election. The City Clerk will then transmit the Tax Ordinance to the State Board of Equalization.

Staff Report – Resolution Requesting Consolidation

Page 2

The State Board of Equalization will administer the Tax Ordinance, which conforms to the Board's model transactions and use tax ordinance. The Tax Ordinance provides that the City will contract with the State Board of Equalization to perform all functions required to administer the Tax Ordinance. Although not required by law, the Tax Ordinance provides for the Council to establish a Compton Taxpayers Committee by January 7, 2017 to review the expenditure of the revenues collected pursuant to the Tax Ordinance, and also provides for annual independent financial audits.

The transactions and use tax will become operative on the first day of the first calendar quarter commencing more than 110 days after the date of adoption of the Tax Ordinance. To implement the transactions and use tax, the City is required to enter into two contracts with the State Board of Equalization, including a preparatory cost agreement and an ongoing administration agreement.

FISCAL IMPACT

The transactions and use tax is estimated to annually generate approximately \$7,000,000 in revenues. Because the transactions and use tax is a general tax, the proceeds of the tax must be placed into the General Fund and be available to fund general City services.

RECOMMENDATION

Staff recommends that the City Council adopt the attached Resolution.

ROGER HALEY
CITY MANAGER

RESOLUTION NO. _____**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
COMPTON DECLARING THE RESULTS OF A SPECIAL
MUNICIPAL ELECTION IN THE CITY OF COMPTON HELD
IN THE CITY ON JUNE 7, 2016****RECITALS:**

WHEREAS, the City Council of the City of Compton (“City Council”) adopted on February 9, 2016, an ordinance entitled, “An Ordinance of the City Council of the City of Compton Calling and Providing for a Special Municipal Election to be Held in the City of Compton on June 7, 2016” (“Ordinance Calling Election”), calling for a special municipal election (“Special Election”) of the qualified electors within the City of Compton (“City”) to be consolidated with the election to be conducted by the County of Los Angeles on the same date; and

WHEREAS, the City Council adopted on February 9, 2016, a resolution entitled, “A Resolution of the City Council of the City of Compton Approving an Ordinance Imposing a One Percent Transactions and Use Tax For General Purposes to be Administered by the State Board of Equalization, Declaring a Fiscal Emergency in the City of Compton Which Interferes With the City’s Ability to Provide an Adequate Level of Municipal Services, Ordering that the Measure to Adopt the Transactions and Use Tax be Submitted to the Voters of the City at the Special Municipal Election to be Held June 7, 2016, and Directing the City Attorney to Prepare an Impartial Analysis of the Measure” (“Resolution Approving Tax Ordinance”); and

WHEREAS, the City Council adopted on February 9, 2016, a resolution entitled “A Resolution of the City Council of the City of Compton Requesting the Board of Supervisors of the County of Los Angeles to Consolidate a Special Municipal Election to be Held on June 7, 2016, with the Election to be Conducted by the County of Los Angeles on the Same Date Pursuant to Section 10403 of the California Elections Code” (“Resolution Requesting Consolidation of Election”); and

WHEREAS, pursuant to the terms of the Ordinance Calling Election and the Resolution Approving Tax Ordinance, which are by this reference incorporated herein, the Special Election was held on June 7, 2016; and

WHEREAS, pursuant to the terms of the Resolution Requesting Consolidation of Election, the Registrar-Recorder/County Clerk of the County of Los Angeles provided election services, including the official canvass of the votes cast in the Special Election, and it appears that the Special Election was held and conducted in accordance with the provisions of the California Elections Code; and

WHEREAS, the City Clerk has on file the Final Official Statement of Votes Cast by Precinct and Certificate of the Canvass of the Election Returns by the Registrar-Recorder/County Clerk of the County of Los Angeles relating to the official canvass of the votes cast in the Special Election (the “Certificate”), a copy of which is attached hereto as Exhibit “A” and by this reference incorporated herein; and

WHEREAS, this City Council has reviewed the Certificate and hereby approves the Certificate;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON
DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. That the above recitals are all true and correct.

Section 2. That the issue presented at the Special Election was the ballot proposition relating to the imposition of a one percent transactions and use tax for general purposes (the “Ballot Proposition”), as set forth in Exhibit “B” attached hereto and by this reference incorporated herein.

Section 3. That the whole number of ballots cast in the City at the Special Election was 15,212, of which 6,833 were voted for the Ballot Proposition and 6,608 were voted against the Ballot Proposition. According to the Office of the Registrar-Recorder/County Clerk of the County of Los Angeles, 1,771 of the ballots cast in the City at the Special Election did not vote on the Ballot Proposition. The results of the Special Election are as set forth in the Certificate on file with the City Clerk and attached hereto as Exhibit “A”. Pursuant to the Certificate, the Ballot Proposition was approved by a majority of the votes cast at the Special Election, and the Ballot Proposition is hereby declared to have passed.

Section 4. That the City Clerk is hereby directed to insert in the minutes of the meeting of this Council, a statement of the results of said election, as above set forth, as required by Section 10264 of the Elections Code.

Section 5. That the City Clerk is hereby directed to transmit the ordinance imposing a one percent transactions and use tax, as described in the recitals hereof, to the State Board of Equalization.

Section 6. That the Mayor shall sign and the City Clerk shall attest to the adoption of this resolution.

ADOPTED this _____ day of _____, 2016.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF COMPTON)

I, Alita L. Godwin, City Clerk of the City of Compton hereby certify that the foregoing resolution was duly adopted by the City Council of the City of Compton, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the _____ day of _____, 2016.

That said resolution was adopted by the following vote to wit:

AYES: Council Members-
NOES: Council Members-
ABSTAIN: Council Members-
ABSENT: Council Members-

CITY CLERK OF THE CITY OF COMPTON

**EXHIBIT “A”
FINAL OFFICIAL STATEMENT OF VOTES CAST BY PRECINCT AND
CERTIFICATE OF THE CANVASS OF THE ELECTION RETURNS**

COUNTY OF LOS ANGELES - PRESIDENTIAL PRIMARY ELECTION			06/07/16														100.2		- PAGE - 7939 of 9155	
FINAL OFFICIAL STATEMENT OF VOTES CAST BY PRECINCT			COMPTON CITY SPECIAL MUNI MEASURE P																	
LOCATION		REGIST-RATION	BALLOTS CAST	Yes	No															
COMPTON - 1450034A		689	199	79	97															
VOTE BY MAIL		0	51	19	25															
TOTAL		689	250	98	122															
COMPTON - 1450036A		1103	349	179	140															
VOTE BY MAIL		0	75	38	26															
TOTAL		1103	424	217	166															
COMPTON - 1450040C		1004	260	86	142															
VOTE BY MAIL		0	104	45	52															
TOTAL		1004	364	131	194															
COMPTON - 1450042C		1011	323	152	139															
VOTE BY MAIL		0	66	33	28															
TOTAL		1011	389	185	167															
COMPTON - 1450043B		693	260	87	121															
VOTE BY MAIL		0	72	35	31															
TOTAL		693	332	122	152															
COMPTON - 1450045A		916	280	99	142															
VOTE BY MAIL		0	93	49	32															
TOTAL		916	373	148	174															
COMPTON - 1450052A		840	231	106	96															
VOTE BY MAIL		0	61	32	23															
TOTAL		840	292	138	119															
COMPTON - 1450062B		871	168	79	59															
VOTE BY MAIL		0	95	49	40															
TOTAL		871	263	128	99															
COMPTON - 1450091A		1034	308	150	130															
VOTE BY MAIL		0	109	53	50															
TOTAL		1034	417	203	180															
COMPTON - 1450113A		1032	265	128	117															
VOTE BY MAIL		0	85	37	42															
TOTAL		1032	350	165	159															
COMPTON - 1450118B		925	260	96	139															
VOTE BY MAIL		0	107	57	44															
TOTAL		925	367	153	183															
COMPTON - 1450132A		759	152	68	65															
VOTE BY MAIL		0	73	39	32															
TOTAL		759	225	107	97															
COMPTON - 1450133A		826	188	97	71															
VOTE BY MAIL		0	76	39	25															
TOTAL		826	264	136	96															

COUNTY OF LOS ANGELES - PRESIDENTIAL PRIMARY ELECTION			06/07/16100.4 - PAGE - 7941 of 9155											
FINAL OFFICIAL STATEMENT OF VOTES CAST BY PRECINCT			COMPTON CITY SPECIAL MUNI MEASURE P											
LOCATION	REGIST-RATION	BALLOTS CAST	Yes	No										
COMPTON - 1450160A		838277	103	144										
VOTE BY MAIL	SERIAL 0530	090	32	43										
TOTAL		838367	135	187										
COMPTON - 1450163A		819270	86	160										
VOTE BY MAIL	SERIAL 0531	060	20	35										
TOTAL		819330	106	195										
COMPTON - 1450164C		1018342	152	128										
VOTE BY MAIL	SERIAL 0532	086	38	37										
TOTAL		1018428	190	165										
COMPTON - 1450167A		1075336	140	157										
VOTE BY MAIL	SERIAL 0533	096	41	49										
TOTAL		1075432	181	206										
COMPTON - 1450305A		1326290	151	105										
VOTE BY MAIL	SERIAL 0534	094	52	32										
TOTAL		1326384	203	137										
BALLOT GROUP 179 - 9990179A		00	0	0										
VOTE BY MAIL	SERIAL 8179	06	1	2										
TOTAL		06	1	2										

Los Angeles County
Registrar-Recorder/County Clerk

Certificate of the Canvass of the Election Returns

I, DEAN C. LOGAN, Registrar-Recorder/County Clerk of the County of Los Angeles, of the State of California, DO HEREBY CERTIFY that pursuant to the provisions of Section 15300 et seq. of the California Elections Code, I did canvass the returns of the votes cast for each elective office and/or measure(s) for

Compton City

at the Presidential Primary Election, held on the 7th day of June 2016.

I FURTHER CERTIFY that the Statement of Votes Cast, to which this certificate is attached, shows the total number of ballots cast in said jurisdiction, and that the whole number of votes cast for each candidate and/or measure(s) in said jurisdiction in each of the respective precincts therein, and the totals of the respective columns and the totals as shown for each candidate and/or measure(s) are full, true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 1st day of July 2016.



Dean C. Logan
DEAN C. LOGAN
Registrar-Recorder/County Clerk
County of Los Angeles

#12.

**EXHIBIT “B”
BALLOT PROPOSITION**

**CITY OF COMPTON VITAL CITY SERVICES AND NEIGHBORHOOD
PROTECTION MEASURE**

To repair local streets/sidewalks; retain/hire firefighters/paramedics; increase sheriffs’ staffing to improve response “times; expand gang/drug prevention, economic development and youth job training programs; improve parks; and provide other general fund services in Compton, shall an ordinance be adopted to increase the sales tax by one percent on an ongoing basis to raise approximately &million in local annual funding, requiring citizens’ oversight?

July 19, 2016

TO: MAYOR AND CITY COUNCIL

**FROM: GLEN W.C. KAU, P.E., DIRECTOR
PUBLIC WORKS /MUNICIPAL UTILITIES**

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
ADOPTING THE TITLE VI PROGRAM UPDATE PURSUANT TO THE
CIVIL RIGHTS ACT OF 1964 AND AUTHORIZING THE CITY
MANAGER TO SUBMIT THE REPORT TO THE FEDERAL
TRANSPORTATION ADMINISTRATION**

SUMMARY

This resolution adopts the Title VI Program Update pursuant to the Civil Rights Act of 1964 and authorizes the City Manager to submit the report to the Federal Transportation Administration.

BACKGROUND

Title VI of the Civil Rights Act of 1964 ("Title VI") prohibits discrimination on the basis of race, color and national origin in programs that receive federal funding. The Federal Transportation Administration ("FTA") requires transportation agencies to demonstrate compliance with Title VI by submitting a Title VI Program Update every three years. The City Council must approve the Title VI Program Update prior to its submittal. Please see the attached report.

Section 601 of Title VI of the Civil Rights Act of 1964 states the following:

"No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

The Title VI Program Update consists of a report and supporting documentation that provides evidence of the equitable distribution of services; promotion of full and fair participation in public transportation decision-making without regard to race, color, or national origin; and, meaningful access to transit-related programs and activities by persons with limited English proficiency.

FTA issued a new guidance (FTA C 4702.1B) relating to Title VI compliance in October 2012. The new guidance clarified and expanded on the original requirements by, among other things, including the additional requirement of preparing a Public Participation Plan.

The City of Compton has completed the Title VI Program Update that incorporates all of the requirements set forth in the FTA Circular 4702.1B. There are 8 requirements under Title VI that the City of Compton must report on:

1. The provision of notice to beneficiaries of their civil rights
2. The existence of complaint procedures and a compliant form
3. A list of all transit-related complaints, investigations, or lawsuits
4. A Public Participation Plan
5. A Language Assistance Plan
6. The collection and reporting on demographic data
7. The requirement to monitor transit service
8. The requirement to evaluate service and fare changes

STATEMENT OF THE ISSUE

Before submitting the completed Title VI Program Update, City Council must approve the program as submitted. A copy of the resolution will be submitted to the FTA as evidence of this approval.

ALTERNATIVE

Failure to submit a Title VI Program Update or to have a Title VI Program Update approved by FTA could result in the loss of Federal funding. Therefore, no other alternative is being recommended.

FISCAL IMPACT

The action requested in this report has no fiscal impact.

RECOMMENDATION

Staff recommends that the City Council adopt the attached Resolution.

GLEN W.C. KAU, P.E., DIRECTOR
PUBLIC WORKS/MUNICIPAL UTILITIES DEPARTMENT

APPROVED FOR FORWARDING:

ROGER L. HALEY
CITY MANAGER

RLH:GK:JS

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON
ADOPTING THE TITLE VI PROGRAM UPDATE PURSUANT TO THE CIVIL
RIGHTS ACT OF 1964 AND AUTHORIZING THE CITY MANAGER TO SUBMIT
THE REPORT TO THE FEDERAL TRANSPORTATION ADMINISTRATION**

WHEREAS, Title VI of the Civil Rights Act of 1964 (“Title VI”) prohibits discrimination on the basis of race, color, and national origin in programs that receive federal funding; and

WHEREAS, the Federal Transportation Administration (“FTA”) requires transportation agencies to demonstrate compliance with Title VI by submitting a Title VI Program Update every three years; and

WHEREAS, the Title VI Program Update consists of a report and supporting documentation that provides evidence of the equitable distribution of services; promotion of full and fair participation in public transportation decision-making without regard to race, color, or national origin, and meaningful access to transit-related programs and activities by persons with limited English proficiency; and

WHEREAS, FTA issued new guidance (FTA C 2702.1B) relating to Title VI compliance in October 2012 and the new guidance clarified and expanded on the original requirements by, among other things, including the additional requirement of preparing a Public Participation Plan; and

WHEREAS, before submitting the completed Title VI Program Update, the City Council must approve the program and a copy of the resolution will be submitted to the FTA as evidence of its approval.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES
HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. That the City Council hereby approves the attached “2016 City of Compton – Federal Transit Administration Title VI Report” and authorizes the City Manager to submit the Title VI Program Update to the Federal Transportation Administration pursuant to the Civil Rights Act of 1964.

SECTION 2. That copies of this Resolution shall be filed in the offices of the City Manager, City Controller, City Clerk, and the Public Works and Municipal Utilities Department.

SECTION 3. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this ____ day of _____, 2016.

MAYOR OF THE CITY OF COMPTON

Resolution No. _____
Page 2

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was passed and adopted by the City Council of the City of Compton, signed by the Mayor and attested by the City Clerk, at a regular meeting thereof, held on the ____ day of _____, 2016.

That said Resolution was adopted by the following vote, to wit:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSTAIN: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON



2016

CITY OF COMPTON - FEDERAL TRANSIT ADMINISTRATION TITLE VI REPORT



City of Compton Public Works and Municipal
Utilities Department
7/19/2016

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INTRODUCTION

The Title VI Program was prepared to ensure that the level and quality of the City of Compton's fixed transit routes and Dial-a-Ride services are provided in a nondiscriminatory manner and that the opportunity for full and fair participation is offered to riders and other community members.

Additionally, through this program, the City of Compton has examined the need for services and materials for persons for whom English is not their primary language and who have a limited ability to read, write, speak, or understand English.

It is a matter of principle that the City of Compton is committed to ensuring that no person is excluded from participation in, or denied the benefits of, or subjected to discrimination in the receipt of any of the City of Compton's transit services on the basis of race, color, or national origin. The contents of this program have been prepared in accordance with Section 601 of Title VI of the Civil Rights Act of 1964, FTA Circular 4702.1B, and Executive Order 13116 (Improving Access to Services for Persons with Limited English Proficiency).

#13.

The following Notice of Civil Rights will be posted on the City of Compton's website, aboard the fixed route and senior buses, and in the City Clerk's office.

City of Compton Notice of Civil Rights

The City of Compton operates its programs and services without regard to race, color, and national origin in accordance with Title VI of the Civil Rights Act. In addition to Title VI, the City of Compton also prohibits discrimination based on sex, age, disability, religion, medical condition, marital status or sexual orientation. Any person who believes he or she has been aggrieved by any unlawful discriminatory practice may file a complaint with the City of Compton.

For more information on the City of Compton's civil rights program and the procedure to file a complaint, please contact the City of Compton using the information listed below.

205 South Willowbrook Avenue, Compton, CA 90220, Public Works/Municipal Utilities, 310-605-5505.

Aviso de ciudad of Compton opera sus programas y servicios sin distinction de raza, color u origen nacional, de acuerdo al Titulo VI del Acta de Derechos Civiles. En addicion al Titulo VI, Ciudad Compton tabien prohíbe la discriminacion basada en el sexo, edad, discapacidad, religion, condicion medica, estado civil u orientacion sexual. Cualquier persona que considere que ha sido victim de alguna practica discriminatoria puede presentar una queja con Compton.

Para mas informacion acerca del programa de derechos civiles de Compton y del procedimiento para presentar una queja, por favor contacte a Compton usando la informacion que se presenta a continuacion.

Si se necesita información en otro idioma, por favor póngase en contacto con la ciudad de Compton **205 South Willowbrook Avenue, Compton, CA 90220, Public Works/Municipal Utilities, 310-605-5505.**

The following Complaint Procedures and the Complaint form is posted on the City of Compton's website at www.comptoncity.org.

CIVIL RIGHTS POLICY

The City of Compton is committed to ensuring that no person is excluded from participation in, or denied the benefits of, its service on the basis of race, color or national origin as provided under Title VI of the Civil Rights Act. In addition to Title VI, the City of Compton also prohibits discrimination based on sex, age, disability, religion, medical condition, marital status or sexual orientation.

The City of Compton is committed to ensuring that the level and quality of transportation services are provided without regard to race, color, national origin, sex, age, disability, religion, medical condition, marital status or sexual orientation; promoting the full and fair participation of all potentially affected populations in transportation decision making; preventing denial, reduction, or delay in benefits related to programs and activities affecting minority and low-income populations; and providing meaningful access to the City of Compton services, programs, and activities by persons with Limited English Proficiency (LEP).

For additional information on the City of Compton's obligation regarding non-discrimination, please write to: City of Compton, Civil Rights Compliance Manager, 205 South Willowbrook Avenue, Compton, CA 90220.

HOW TO FILE A TITLE VI COMPLAINT

Any person who believes he or she may have been discriminated against on the basis of race, color, national origin, sex, age, disability, religion, medical condition, marital status, sexual orientation or English proficiency may file a complaint with the City of Compton's Public Works/Municipal Utilities Department.

Civil Rights complaints should be filed immediately. However, the City of Compton will investigate complaints up to 180 days after the alleged incident. The City of Compton will process complaints that are complete. Once the complaint is received, the City of Compton will review it and the complainant will receive an acknowledgement letter informing them whether the complaint will be investigated by the City of Compton.

The City of Compton has up to thirty (30 days) to investigate the complaint. If more information is needed to resolve the case, the City may contact the complainant. The complainant has thirty days from the date of the letter to send requested information to the investigator assigned to the case.

#13.

If the City's investigator is not contacted by the complainant or does not receive the additional information within thirty days, the City can administratively close the case. A case can be administratively closed also if the complainant no longer wishes to pursue their case.

After the investigator reviews the complaint, one of two letters will be issued to the complainant: a closure letter or a letter of finding. A closure letter summarizes the allegations and states that there was not a Title VI violation and that the case will be closed.

A letter of finding summarizes the allegations and the interviews regarding the alleged incident, and explains whether any disciplinary action, additional training of the staff member (s), or other action will occur. If the complainant wishes to appeal the decision, she/he has ten days after the date of the letter or the letter of finding to do so.

Written complaints may be sent to the City of Compton, 205 South Willowbrook Avenue, Department of Public Works/Municipal Utilities Department, Compton, CA 90220, or an online complaint form may be accessed at the City of Compton's website at www.comptoncity.org. Once completed, the complaint should be forwarded to the City of Compton, Public Works/Municipal Utilities Department, 205 South Willowbrook Avenue, Compton, CA 90220.

In addition to utilizing the Civil Rights complaint process at the City of Compton, a complaint may file a Title VI complaint concerning race, color or national origin discrimination with the Federal Transit Administration Office of Civil Rights Attention: Title VI Program Coordinator East Building, 5th Floor – TCR 1200 New Jersey Ave., SE Washington, DC 20590.

Active Lawsuits, Complaints or Inquiries Alleging Discrimination

The City of Compton maintains a list of active investigations conducted by entities other than FTA, including lawsuits and complaints naming the City of Compton that alleged discrimination on the basis of race, color, or national origin as been provided under Title VI of the Civil Rights Act. In addition to Title VI, the City of Compton also prohibits discrimination based on sex, age, disability, religion, medical condition, marital status or sexual orientation.

As of the writing of this program, there were no complaints pending which alleges discrimination on the basis of race, color, national origin or any other form of discrimination.

CITY OF COMPTON'S PUBLIC PARTICIPATION PLAN

Key Principles

The City of Compton Public Participation Plan has been prepared to ensure that no one is precluded from participating in the City of Compton's service planning and development process. It ensures that:

Potentially affected community members will have an appropriate opportunity to participate in decisions about a proposed activity that will affect their environment and/or health;

- The public's contribution can and will influence the City of Compton's decision making;
- The concerns of all participants involved will be considered in the decision-making process; and
- The City of Compton will seek out and facilitate the involvement of those potentially affected.

Through an open public process, the City of Compton has developed a public participation plan to encourage and guide public involvement efforts and enhance access to the City of Compton's transportation decision-making process by minority, low-income, disabled, and the Limited English Proficient (LEP) populations. The public participation plan describes the overall goals, guiding principles and outreach methods that the City of Compton uses to reach its riders.

Limited English Proficient (LEP) refers to persons for whom English is not their primary language and who have a limited ability to read, write, speak, or understand English. It includes people who reported to the U.S. Census that they speak English less than very well, not well, or not at all.

The steps outlined in the Public Participation Plan offer early, continuous and meaningful opportunities for the public to be involved in the identification of social, economic and environmental impacts of proposed transportation decisions in the City of Compton. It is a guide for how the City engages its diverse community. The City may continue to improve its public participation methods over time based on feedback from all of its riders and community members including low-income, the disabled, minority and LEP populations as well as customer and community-based organizations.

Goals of the Public Participation Plan

The goals of the City of Compton's participation plan include:

Public Participation – the process that clearly identifies and communicates where and how participants can have influence and directly impact decision making.

Commitment- how the City of Compton communicates regularly with our riders to develop trust with riders and build the community's capacity to provide public input.

Diversity – our participants represent a range of socioeconomic, ethnic and cultural perspectives, with representative participants including residents from low income neighborhoods, the disabled, ethnic communities and residents from Limited English Proficiency.

Accessibility – to provide every reasonable effort to ensure that opportunities to participate are physically, geographically, linguistically, and culturally accessible.

Relevance – to ensure issues are framed in such a way that the significance and potential effect is understood by participants.

Participant Satisfaction – to ensure that people who take the time to participate feel it is worth the effort to join the discussion and provide feedback.

Partnerships – to develop and maintain partnerships with communities through the methods described in its public participation plan.

Quality Input and Participation – that comments received by the City of Compton are useful, relevant and constructive, contributing to better plans, projects, strategies and decisions.

OBJECTIVES OF THE PUBLIC PARTICIPATON PLAN

The City of Compton's Public Participation Plan is based on the following principles:

Flexibility – the engagement process will accommodate participation in a variety of ways and be adjusted as needed.

Inclusiveness – the City of Compton will proactively reach out to and engage low income, minority and LEP populations from the City's service area.

Respect – all feedback will be given careful and respectful consideration.

Proactive and Timeliness – participation methods will allow for early involvement and be ongoing.

Clear, Focused and Understandable – participation methods will have a clear purpose and use for providing input and will be described in a language that is easy to understand.

Honest and Transparent – information provided will be accurate, trustworthy and complete.

Responsiveness – respond and incorporate appropriate public comments into transportation decisions.

Accessibility – meetings will be held in locations which are ADA accessible and welcoming to all residents, including, but not limited to, low-income and minority members of the public and in locations relevant to the topics being presented and discussed. Meetings will also be held at various times to accommodate individuals who have non-traditional work schedules.

The City of Compton will use its public participation plan when considering fare changes, modifications to routes and schedules and other transit planning projects when:

- A fare increase or significant change in the method of fare payment is being considered;
- A new route is established;
- An existing route is proposed for elimination;
- Considering the total discontinuance of service on any line or group of lines on any given day where service is currently offered;
- Any system-wide change in service hours that exceeds 10% of the current total service hours;
- Routing on any given route or group of routes that affects more than 25% of the riders using the affected route (s); or
- Schedules are changed on any given route or group of routes that reduces the total number of one-way bus trips by more than 25% of the current number of bus trips; and
- For minor schedules and service changes not rising to the level of those above, the City will post service change notices on appropriate buses and stops thirty (30) days in advance of the change date.

The City has not had any major changes since the last Title VI report update. The City will however continue to make every effort to communicate to the community through the use of the City's websites, community meetings, flyers, and social media. The City will continue to provide promotional material, notices, and fliers as part of its outreach efforts.

#13.

PUBLIC PARTICIPATION PROCESS

The City of Compton public participation plan includes many mediums such as legal notices and the City's website. While there may be minor variation in the outreach process from time to time, the outline below provides the general steps for engaging riders in the decision making process.

1. A service, route, or fare change proposal is developed internally;
2. Ensure that the proposed change meets the Title VI requirements;
3. Authorization for a public hearing is approved by the City Council;
4. Public outreach venues, dates and times are determined with consideration of the proposed changes and their impact on specific locations/populations within the City of Compton's service area;
5. Bilingual (English and Spanish) public outreach materials and programs are developed;
6. Notice of Public Hearing to be published in the newspaper, posted on the City's website, as well as faith based and community organizations.
7. Public meetings;
8. Comments from the public are heard;
9. A staff report, resolution, and pertinent documents are presented to the City Council at its meeting detailing the outcome of the public participation process along with staff's recommendations;
10. The final service/fare change date is set;
11. Bilingual system time tables and website updated in advance of proposal change.

City of Compton Outreach Notification Methods (Bi-lingual)

Print – newspapers

Outdoor – advertising on-board buses and in bus shelters

City's website

Social Media (i.e. Facebook)

Public Hearings/City Council meeting

Legal Notices

Translation Services

Members of the community should contact the City of Compton at 205 South Willowbrook Avenue, Compton, CA 90220, Public Works/Municipal Utilities, 310-605-5505, within 72 hours before the translation service request is needed.

Addressing Comments

All comments received through the public participation plan are given careful, thoughtful consideration. Because there are a number of different ways riders or members of the community can comment on proposed service or fare changes, all comments are assembled into a single document for presentation to the City Council for consideration.

Identification of Stakeholders

Stakeholders are those who are either directly or indirectly affected by a plan, or the recommendations of that plan. Those who may be adversely affected, or who may be denied the benefit of a plan's recommendation (s) is of particular interest in the identification of a specific stakeholders. Stakeholders can come from a number of groups including citizens/residents, minority and low-income communities, communities with disabilities, public agencies, and private organizations and businesses. While stakeholders may vary based on the plan or program being considered, the City of Compton will assemble a list with whom we regularly communicate with.

LANGUAGE ASSISTANCE PLAN

In order to ensure meaningful access to programs and activities, the City of Compton uses the information obtained in a Four Factor Analysis to determine the specific language services that are appropriate. This analysis helps the City of Compton determine if it communicates effectively with the Limited English Proficiency (LEP) person and inform language access planning.

The Four Factor Analysis is a local assessment that considers:

1. The number or proportion of LEP persons eligible to be served or likely to be encountered by the City of Compton;
2. The frequency with which LEP persons come into contact with the City of Compton services and programs;
3. The nature and importance of the City of Compton's services and programs in people's lives; and
4. The resources available to the City of Compton for LEP outreach as well as the costs associated with that outreach.

Factor 1 – Number of LEP Persons in Service Region

The first step in determining the appropriate components of a Language Assistance Plan is understanding the proportion of LEP persons who may encounter the City of Compton's services, their literacy skills in English and their native language, the location of their communities and neighborhoods, and more importantly, if any are underserved as a result of a language barrier.

To do this, the City of Compton evaluated the level of English literacy and to what degree people in its service area speak a language other than English and what those languages are. Data for this review is derived from the United States Census Bureau "American Fact Finder" web portal data from 2010-2014.

Based upon the census data obtained, Spanish is the language group that constitutes five percent (5%) or 1,000 persons of the total population of persons eligible to be served or likely to be affected or encountered with the written translation obligations. Please see Appendix B.

Factor 2 – Frequency of LEP Use

There are a large number of places where the City of Compton riders and members of the LEP population can come into contact with the City of Compton services including the use of fixed route transit services. The City's major point of contact will include communication with our bus operators, customer service center, and office staff regarding calls from patrons speaking languages other than English. The City will survey these groups annually beginning in the Winter of 2016. Based upon current data, the translation from Spanish to English is the area where language assistance is needed.

The City of Compton will survey key program areas and assess major points of contact with the public, such as

- Use of bus service
- Participation in public meetings
- Customer service interactions
- Ridership surveys
- Bus Operators surveys to determine the frequency of contact with the LEP Community
- Facilitate meetings with seniors and people with disabilities

FACTOR 3-THE IMPORTANCE OF THE CITY OF COMPTON SERVICE TO PEOPLE'S LIVES

Access to the services provided by the City of Compton's fixed route and para-transit services are critical to the lives of many in the region. From April 2015 to April 2016, 102,442 passengers travelled aboard the City's fixed transit routes. Many depend on fixed route and para-transit services for access to jobs and for access to essential community services like schools, shopping and medical appointments. Riders eligible for service under the Americans with Disabilities Act (ADA) require service for the same reasons. Because of the essential nature of the services and the importance of these programs in the lives of many of the region's residents, there is a need to ensure that language is not a barrier to access our transit services. The City will survey our riders to obtain a better understanding of the importance of the City's transit services to the lives of the LEP community, seniors, and our disabled riders in the community.

FACTOR 4 – RESOURCES AND COSTS FOR LEP OUTREACH

The City provides bilingual pay to employees who are assigned to provide bilingual translation services. Employees are required to pass a qualifying examination administered by the City's Human Resources Department to determine their proficiency for bilingual assignments.

Language Assistance Plan

The City of Compton is committed to providing resources to improve access to its services and programs for LEP persons. Bilingual information (English/Spanish) will be distributed in a number of methods including:

- Bilingual English/Spanish system timetable
- Bilingual English/Spanish representation at public meetings
- Bilingual English/Spanish outreach material
- Provide training to staff to help them interact with the LEP community
- Provide translation assistance for members of our LEP community

The City of Compton will provide notices on all our buses and frequently utilized public facilities such as City Hall, the library, the senior citizen center, transit center and the community college regarding providing language assistance to our LEP residents. The City will consider using a 3rd party translation service to assist with oral translation for Spanish speaking or other required languages if necessary. The City will also monitor, evaluate, and update the language access plan. The costs associated with these efforts fit within the City of Compton's marketing and outreach budget.

The Translation of Vital Documents

The City translated vital documents into Spanish. The translation of vital documents included, but not limited to, the following documents: consent and complaint forms, intake and applications forms with the potential for important consequences, written notices of rights, written notices of losses or decreased in benefits or services, notices informing LEP persons of free language assistance services, ADA complimentary para-transit applications and other documents that provide access to essential services, Title VI Civil Rights Notice, Title VI Complaint form, and Title VI Complaint Procedures. The translation of the documents was completed in 2014.

Training Staff

Training will be an on-going activity. The Title VI policy will be provided annually to all employees who come into contact with our LEP community. The City will provide training for basic language translation when requested. The training of appropriate staff to include providing training to drivers or staff members who may lack sensitivity or who respond inappropriately to persons with limited English proficiency. The City believes in empowering employees by providing them opportunities to learn Spanish. The staff LEP training will begin in Fall 2016.

Providing Notice to LEP Persons

LEP persons will be notified of the language services available through the Compton Renaissance by the following means:

- On-board posters and posters at bus shelters
- Posting signs at the entry point of our transit facility
- Website posting
- Notices on bus schedules

Monitoring and Updating the LEP Plan

The City of Compton will continue to use the LEP Plan as an active planning tool with appropriate updates to the plan every 3 years as data and demographics in ridership changes occur. The City will continue to outreach to organizations that advocate for persons with Limited English Proficiency. The City will provide training to staff to adequately serve the needs of our customers. The City will provide the appropriate resources necessary to ensure that the needs of our LEP population are met.

#13.

Minority Representation on Planning and Advisory Bodies

This section does not apply to the City of Compton as the City does not have a transportation related planning board.

Determination of Site of Location of Facilities

This section does not apply to the City of Compton as the City has not used FTA funds for construction purposes.



City of Compton
Public Works/Municipal Utilities
205 South Willowbrook Avenue
Compton, CA 90220

Office: (310) 605-5505
Fax: (310) 605-6326

Appendix A

Civil Rights Complaint Form

Title VI of the 1964 Civil Rights Act and related nondiscrimination statutes and regulations require that no person in the United States shall, on the ground of race, color or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. The City of Compton also prohibits discrimination based on sex, age, disability, religion, medical condition, marital status, or sexual orientation.

In addition to utilizing the Civil Rights complaint process in the City of Compton, a Complainant may file a Title VI complaint concerning race, color or national origin discrimination with the Federal Transit Administration Office of Civil Rights Attention: Title VI Program Coordinator East Building, 5th Floor – TCR 1200 New Jersey Ave., SE Washington, DC 20590. A Complainant may file an Americans with Disabilities Act (ADA) complaint with the FTA, Director, FTA Office of Civil Rights, East Building – 5th Floor, TCR, 1200 New Jersey Ave., SE, Washington, DC 20590. Complainants may also contact the FTA ADA Assistance Line, 1-888-446-4511 (Voice) or through the Federal Information Relay Service, 1-800-877-8339 or by electronic mail at FTA.ADAAssistance@dot.gov. The FTA ADA Complaint form is available at http://www.fta.dot.gov/civilrights/12875_14816.html.

The following information is necessary to assist us in processing your complaint. Should you require assistance in completing this form, please let us know.

Complete and return this form to: City of Compton, Public Works/Municipal Utilities Department, 205 South Willowbrook Avenue, Compton, CA 90220.

1. Complainant's Name: _____
2. Address: _____
3. City: _____ State: _____ Zip Code: _____
4. Telephone Number (home): _____ (business): _____
5. Person discriminated against (if someone other than the Complainant):

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

6. Which of the following best describes the reason you believe the discrimination took place? Was it because of your:

- a. Race ☐ b. Color ☐ c. National Origin ☐
d. Sex ☐ e. Age ☐ f. Disability ☐
g. Religion ☐ h. Medical Condition ☐ i. Marital Status ☐
j. Sexual Orientation ☐

7. What date did the alleged discrimination take place? _____

8. In your own words, describe the alleged discrimination. Explain what happened and whom you believe was responsible. Please use the back of this form if additional space is required.

9. Have you filed this complaint with any other federal, state, or local agency; or with any federal or state court? Yes: ☐ No: ☐

If yes, check each box that applies:

Federal agency ☐ Federal court ☐ State agency ☐

#13.

State court ☐ Local agency ☐

10. Please provide information about a contact person at the agency/court where the complaint was filed.

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

11. Please sign below. You may attach any written materials or other information that you think is relevant to your complaint.

Complainant's Signature

Date



City of Compton
Public Works/Municipal Utilities
205 South Willowbrook Avenue
Compton, CA 90220

Office: (310) 605-5505
Fax: (310) 605-6326

Formulario de Denuncia de Derechos Civiles

El Titulo VI de la Ley de Derechos Civiles de 1964 y estatutos y reglamentos relacionados con la no discriminacion requieren que ninguna persona en los Estados Unidos, por motive de raza, color u origen nacional, sea excluida de participacion, le sean negados beneficios o sea sujeta a discriminacion bajo ningun programa o actividad que reciba asistencia financier federal. Ademas del Titulo VI, Metro tambien prohíbe la discriminacion basada en sexo, edad, discapacidad, religion, condicion medica, estado civil u orientacion sexual. Además de utilizar el proceso de la queja de las derechas civiles en la ciudad de Compton, un Complainant puede archivar una queja del título VI referente la raza, el color o a la discriminación nacional con la administración federal del tránsito (FTA), Federal Transit Administration Office of Civil Rights Attention: Title VI Program Coordinator East Building, 5th Floor – TCR 1200 New Jersey Ave., SE Washington, DC 20590

La siguiente informacion es necesaria para ayudarnos a procesar su denuncia. Si usted necesita ayuda para completar este formulario, por favor contactenos.

Complete y envíe este formulario a: City of Compton, Public Works/Municipal Utilities Department, 205 South Willowbrook Avenue, Compton, CA 90220.

1. Nombre del denunciante: _____
2. Domicilio: _____
3. Ciudad: _____ Estado: _____ Codigo Postal: _____
4. Numero de telefono (casa) _____ (trabajo): _____

#13.

5. Persona que sufrio la discriminacion (si es diferente a la personal que presenta la denuncia):

Nombre: _____

Direccion: _____

Ciudad: _____ Estado: _____Codigo Posatal _____

6. Cual de las siguientes razones describe mayor la razon por la cual usted cree que ocurrio la discriminacion? Fue debido a su:

a. Raza ☐ b. Color ☐ c. Origen Nacional ☐

d. Sexo ☐ e. Edad ☐ f. Discapacidad ☐

g. Religion ☐ h. Condicion medica ☐ i. Estado civil ☐

j. Orientacion sexual ☐

7. ¿Qué fecha la discriminación alegada ocurrió? _____

8. En sus propias palabras, describa la discriminación alegada. Explique qué sucedió y quién usted cree era responsable. Utilice por favor la parte posteriora de esta forma si se requiere el espacio adicional.

9. Tiene usted archivado esta queja con cualquier otro federal, estado, o agencia local; ¿o con corte federal o del estado? Sí:
No:

Si sí, compruebe cada caja que se aplique:

Agencia federal
Corte del estado

Corte federal
Agencia local

Agencia del estado

10. Proporcione por favor la información sobre una persona del contacto en la agencia/la corte donde la queja fue archivada.

Nombre: _____

Dirección: _____

Ciudad: _____ Estado: _____ Código postal : _____

11. Por favor muestra abajo. Usted puede unir cualquier material escrito o la otra información que usted piensa es relevante a su queja.

Firma de Complainant

Fecha

Appendix B

LEP Data

Table 1. Census 2010 Ability to Speak English, Five Years and Older

	Population 5 and Older	Speak English Only	Speak English Very Well	Speak English Well	Speak English Not Well	Speak English Not at All	<u>LEP Population <Well</u>
Number	89,025	33,706	30,431	0	24,864	0	24,864
Percent		37.9%	34.2%	0%	27.9%	0%	27.9%

Table 2. Ability to Speak English by Language Category

English Proficiency	Spanish		Other Pacific Island		Korean		African	
	Population	Percentage within Language Category	Population	Percentage within Language Category	Population	Percentage within Language Category	Population	Percentage within Language Category
Speak Very Well	29,992	54.9%	93	68.9%	30	25%	89	84.8%
Speak Well	0	0%	0	0%	0	0%	0	0%
Non-LEP Total	29,992	54.9%	93	69.9%	30	25%	89	84.8%
LEP Population								
Speak Not Well	24,642	45.1%	42	30.3%	90	75%	16	15.2%
Speak Not at All	0	0%	0	0%	0	0%	0	0%
LEP Total	24,642	45.1%	119	30.3%	90	75%	16	15.2%
Overall Total								
	54,634	100%	393	100.00%	120	100%	105	100.0%

Source: US Census Bureau, Census 2010

Table 3. Linguistic Isolation by Language Category

Category	Spanish		Other Indo-European		Asian and Pacific Island		Other Languages	
	Households	Percentage within Language Category	Households	Percentage within Language Category	Households	Percentage within Language Category	Households	Percentage within Language Category
Linguistically Isolated	10,267	35.3%	23	22.1%	71	27.2%	7	11.1%
Not Linguistically Isolated	6,647	64.7%	81	77.9%	190	72.8%	56	88.9%
Total	16,914	100.0%	104	100.0%	324,558	100.0%	63	100.0%

Source: US Census Bureau, Census 2010

Table 4. Language Spoken at Home

Language Spoken at Home (Age 5 and Older)	Number of People	Percent of Total Population
English	33,706	37.9%
Spanish or Spanish Creole	54,634	61.4%
Other Pacific Island Language	135	.2%
Korean	120	.1%
African Language	105	.1%
French	66	.09%
Vietnamese	34	.04%
Hindi	31	.03%
French Creole	30	.03%
Thai	24	.03%
Other Indic languages	22	.02%
Tagalog	22	.02%
Japanese	18	.02%
Other Indo-European	17	.02%
Arabic	12	0%
Italian	12	0%
Chinese	11	0%
Other and unspecified languages	10	0%
Russian	8	0%
German	7	0%
Armenian	1	0%
Total Population	86,717	100.0%

Source: US Census Bureau, Census 2010

Appendix C

CITY OF COMPTON

LIST OF TRANSIT-RELATED TITLE VI INVESTIGATIONS, COMPLAINTS, AND LAWSUITS

	Date (Month, Day, Year	Summary (include basis of compliant: race, color, or national origin	Status	Action (s) Taken	
Investigations					
1.					
2.					
Lawsuits					
1.					
2.					
Complaints					
1.					
2.					

There was no Title VI investigations, complaints, and lawsuits file with the City of Compton.

Appendix D

CITY OF COMPTON SERVICE STANDARDS

Vehicle Type	Average Passenger Capacities			
	Seated	Standing	Total	Maximum Load Factor
El Dorado	30	10	40	1.3
- Standard				
El Dorado	30	10	40	1.3
- Standard				
El Dorado	30	10	40	1.3
- Standard				
El Dorado	30	10	40	1.3
- Standard				
El Dorado	30	10	40	1.3
- Standard				

The average of all loads during the peak operating period should not exceed vehicles' achievable capacities which are 40 passengers for the 5 El Dorado Standard buses.

Service Standards and Policies

Trip and Route Productivity Standards

The number of trips for each route where passenger loads are greater than available seats will be reviewed each month. Should standing loads continue to occur, service modifications will be considered.

Vehicle headway

Vehicle headway is the amount of time between two vehicles traveling in the same direction on a given line or combination of lines. A shorter headway corresponds to more frequent service. The City of Compton's vehicle headway standard is related to vehicle load and trip productivity. To this end, the City will reduce headways first on trips and/or routes with the highest vehicle load factors and/or customer per trip and increase headways first on trips and/or routes with the lowest customers per trip and/or fare box recovery ratios. Routes 1-5 have Vehicle Headways of 20 minutes for peak and off peak hours, Monday through Friday 7:30 am – 3:30 pm and Saturdays 9:00 am – 3 pm.

On-Time Performance

On-time performance is a measure of trips completed as scheduled. On-time is defined as a bus that departs a stop between zero and five minutes after the scheduled departure time from the first point of departure of a trip. The City is expected to meet this standard for at least 80% of all trips.

Service Availability

The Compton Renaissance Transit System provides a vital public service to the residents of the City of Compton by providing transit services to allow better access to jobs, local retail establishments, and schools in the City of Compton. The City has 5 routes that service the entire community. The stops are conveniently located less than ¼ mile walking distance of residents. The five bus lines originates in the central business district and covers every district of the City.

Distribution of Transit Amenities

Transit amenities refer to items of comfort, convenience, and safety that are available to the customers. The City has bus shelters at the bus stops distributed throughout the City. In 2012, the City built a new transit center with bus shelters in the central business district. The bus shelters are centrally located to accommodate the passengers who utilize the transit system throughout the City.

Vehicle Assignment

Vehicle assignment refers to the process by which transit vehicles are placed into service on routes throughout the transit system. The City has a policy related to vehicle assignment. As a cost saving measures, the City assigns buses with the lowest operating costs to the longest routes.

Fare Equity Analysis

Due to the use of FTA funds by the City of Compton. The City was not required to perform an equity analysis.

Appendix E

CÓMO ARCHIVAR UN TÍTULO VI QUEJA

Cualquier persona que crea lo o la pudo haber sido discriminada contra en base de la raza, color, origen nacional, sexo, edad, inhabilidad, religión, condición médica, estado civil, orientación sexual o la habilidad inglesa puede archivar una queja con la ciudad de los trabajos públicos de Compton/del departamento municipal de las utilidades.

Las quejas de las derechas civiles se deben archivar inmediatamente. Sin embargo, la ciudad de Compton investigará quejas hasta 180 días después del incidente alegado. La ciudad de Compton procesará las quejas que son completas. Una vez que se reciba la queja, la ciudad de Compton la repasará y la voluntad complainant recibe una letra del reconocimiento que les informa si la queja será investigada por la ciudad de Compton.

La ciudad de Compton tiene hasta treinta (30 días) para investigar la queja. Si más información es necesaria resolver el caso, la ciudad puede entrar en contacto con el complainant. El complainant tiene treinta días a partir de la fecha de la letra a enviar solicitó la información al investigador asignado al caso.

Si el complainant no entra en contacto con ni recibe al investigador de la ciudad la información adicional en el plazo de treinta días, la ciudad puede administrativo cerrar el caso. Un caso puede administrativo ser cerrado también si el complainant desea no más perseguir su caso.

Después del investigador repasa la queja, una de dos letras será publicado a la queja: una letra del encierro o una letra de encontrar. Una letra del encierro resume las alegaciones e indica que no había una violación del título VI y que el caso será cerrado.

Una letra de encontrar resume las alegaciones y las entrevistas con respecto al incidente alegado, y explica si ocurrirán la alguna acción disciplinaria, entrenamiento adicional del miembro del personal (s), o la otra acción. Si los

deseos complainant para abrogar la decisión, she/he tienen diez días después de la fecha de la letra o de la letra de encontrar a hacer tan.

Las quejas escritas se pueden enviar a la ciudad de Compton, a la avenida del sur de 205 Willowbrook, al departamento de obras públicas/del departamento municipal de las utilidades, a Compton, a CA 90220, o a una forma en línea de la queja puede ser alcanzado en la ciudad del Web site de Compton en www.cityofcompton.org. Una vez que esté terminada, la queja se deba remitir a la ciudad de Compton, trabajos públicos/departamento municipal de las utilidades, avenida del sur de 205 Willowbrook, Compton, CA 90220.

Además de utilizar el proceso de la queja de las derechas civiles en la ciudad de Compton, un Complainant puede archivar una queja del título VI referente la raza, el color o a la discriminación nacional con la administración federal del tránsito (FTA), Federal Transit Administration Office of Civil Rights Attention: Title VI Program Coordinator East Building, 5th Floor – TCR 1200 New Jersey Ave., SE Washington, DC 20590

Pleitos activos, Complainants o investigaciones alegando la discriminación

La ciudad de Compton mantiene una lista de las investigaciones activas conducidas por las entidades con excepción de FTA, incluyendo los pleitos y las quejas que nombran la ciudad de Compton que alegan la discriminación en base de la raza, del color, o del origen nacional en la manera prevista bajo título VI del acto de las derechas civiles. Además del título VI, la ciudad de Compton también prohíbe la discriminación basada en sexo, edad, inhabilidad, la religión, la condición médica, el estado civil o la orientación sexual.

En fecha la escritura de este programa, no había quejas pendientes que alega la discriminación en base de la raza, del color, del origen nacional o de cualquier otra forma de discriminación.

#13.

CITY OF COMPTON ELECTED OFFICIALS

Aja Brown, Mayor

Janna Zurita, Councilwoman, District 1

Isaac Galvan, Councilman, District 2

Tana McCoy, Councilwoman, District 3

Emma Sharif, Councilman, District 4

Craig J. Cornwell, City Attorney

Alita Godwin, CMC, City Clerk

Douglas Sanders, City Treasurer

Roger L. Haley, City Manager

RESOLUTION SIGN-OFF FORM

DEPARTMENT:

Public Works-Engineering

RESOLUTION TITLE:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON ADOPTING THE TITLE VI PROGRAM UPDATE PURSUANT TO THE CIVIL RIGHTS ACT OF 1964 AND AUTHORIZING THE CITY MANAGER TO SUBMIT THE REPORT TO THE FEDERAL TRANSPORTATION ADMINISTRATION

<ManagersName>

DEPARTMENT MANAGER’S SIGNATURE

<ManagersDate>

DATE

REVIEW / APPROVAL

<LegalName>

CITY ATTORNEY

<LegalDate>

DATE

<ControllerName>

CITY CONTROLLER

<ControllerDate>

DATE

<CityManager>

CITY MANAGER

<CityManagerDate>

DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

July 19, 2016

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: GLEN W. C. KAU, P.E., DIRECTOR OF PUBLIC WORKS

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO GATEWAY CITIES COUNCIL OF GOVERNMENTS (GCCOG) FOR THE PURPOSE OF PAYING THE ANNUAL MEMBERSHIP FEE, THE I-710 CORRIDOR ENVIRONMENTAL IMPACT REPORT/ENVIRONMENTAL IMPACT STATEMENT (EIR/EIS) REPORT FEE AND THE SR-91/I-605/I-405 MAJOR CORRIDOR STUDY FEE FOR FISCAL YEAR 2016-2017 (\$87,116.68)

SUMMARY

This resolution authorizes the City Manager to issue a purchase order to Gateway Cities Council of Governments (GCCOG) for the purposes of paying the Annual Membership fee, the I-710 Corridor Environmental Impact Report/Environmental Impact Statement (EIR/EIS) Report fee and the SR- 91/I-605/I-405 Major Corridor Study fee for Fiscal Year 2016-2017.

BACKGROUND

I-710 Freeway-

The mission of the GCCOG includes transportation planning for the sub-region and advocating for maximum public sector funding for city and sub-regional projects. GCCOG adopted improvements of the I-710 freeway as one of its transportation priorities. The purpose and need for the study is to identify traffic congestion, safety, air quality, goods movement, design deficiencies, land use constraints, cost effectiveness, environmental justice, aesthetics, noise, and adequacy of public transit as issues requiring attention and public action in any transportation improvement plan for the corridor. GCCOG served as the advocate for the inclusion of impacted municipalities in the completion of the study.

In April 2008, GCCOG entered into a Memorandum of Understanding (MOU) with Caltrans, LACMTA and SCAG to establish a multi-jurisdictional structure to fund and govern the implementation of the Environmental Impact Report/Environmental Impact Statement (EIR/EIS) to study the locally preferred strategy developed by the Major Corridor Study and alternative improvements to the I-710. The MOU establishes an I-710 EIR/EIS Project Committee and an I-710 Executive Committee, each of which provides for and depends upon the participation of local elected and appointed officers.

SR-91 and I-605 Freeway-

The cities that comprise the GCCOG and are adjacent to the SR-91 and I-605 freeway corridors have requested that the GCCOG prepare a proposal outlining their collective position on the modification and expansion of the corridors. The GCCOG has

#14.

July 19, 2016
Gateway Cities COG Membership Fees
Page 2 of 3

recommended that a needs assessment study of the SR-91 and I-605 corridors be conducted. The Joint Exercise of Powers Agreement of the GCCOG provides that affected members may execute an implementation agreement for the purpose of authorizing the GCCOG to implement, manage and administer area-wide and regional programs in the interest of local public welfare.

STATEMENT OF THE ISSUE

In order for the City of Compton to continue to participate in providing input and feedback in relation to how the recommended studies impact the City to GCCOG, annual fees must be paid.

The invoiced amounts listed below will be received annually until the projects are completed.

Annual Membership Dues	\$ 27,000.00
Administration and Cost Sharing	\$ 3,431.00
Transportation Assessment	\$ 7,890.21
MTA Staff Support	\$ 3,795.47
Local Participation in the EIR/EIS report for the I-710 Corridor	\$ 25,000.00
Local Participation for SR-91/I-605/I-405 Major Corridor Study	<u>\$ 20,000.00</u>
Grand Total: \$ 87,116.68	

FISCAL IMPACT

Funds to pay for membership and participation fees for the above invoices in an amount not to exceed **Eighty Seven Thousand One Hundred Sixteen Dollars and Sixty Eight Cents (\$87,116.68)** are available in Public Works Department's 2016-2017 Fiscal Year budget in Account No. 2502-710-000-4269.

ALTERNATIVES

The alternative is that the City of Compton would no longer be a part of the GCCOG and would not provide input with regards to the I-710 Corridor EIR/EIS Report and the SR-91/I-605/I-405 Major Corridor Study.

RECOMMENDATION

It is recommended that the City Council approve the attached resolution authorizing the City Manager to issue a purchase order to Gateway Cities Council of Governments in the amount of \$87,116.68.

GLEN W. C. KAU, P.E.
DIRECTOR OF PUBLIC WORKS

July 19, 2016
Gateway Cities COG Membership Fees
Page 3 of 3

APPROVED FOR FOWARDING

ROGER L. HALEY
CITY MANAGER

RH:GK:RC

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO GATEWAY CITIES COUNCIL OF GOVERNMENTS (GCCOG) FOR THE PURPOSE OF PAYING THE ANNUAL MEMBERSHIP FEE, THE I-710 CORRIDOR ENVIRONMENTAL IMPACT REPORT/ENVIRONMENTAL IMPACT STATEMENT (EIR/EIS) REPORT FEE AND THE SR-91/I-605/I-405 MAJOR CORRIDOR STUDY FEE FOR FISCAL YEAR 2016-2017 (\$87,116.68)

WHEREAS, this resolution authorizes the City Manager to issue a purchase order to Gateway Cities Council of Governments (GCCOG) for the purpose of paying the Annual Membership fee, the I-710 Corridor Environmental Impact Report/Environmental Impact Statement (EIR/EIS) Report fee and the SR- 91/I-605/I-405 Major Corridor Study fee for Fiscal Year 2016-2017; and

WHEREAS, the Public Works Department receives invoices from GCCOG annually for Annual Membership and Participation in the Transportation Assessment, MTA Staff Support, I-710 EIR/EIS Report and SR-91/I-605/I-405 Major Corridor Study; and

WHEREAS, in order for the City of Compton to continue to participate in providing input and feedback in relation to how the recommended studies impact the City to GCCOG, annual fees must be paid in an amount not to exceed Eighty Seven Thousand One Hundred Sixteen Dollars and Sixty Eight Cents (\$87,116.68); and

WHEREAS, due to these invoiced fees exceeding the approved \$5,000 threshold during the current Fiscal Year 2016-2017, authorization from City Council is required; and

WHEREAS, funds to pay for membership and participation fees in the amount of Eighty Seven Thousand One Hundred Sixteen Dollars and Sixty Eight Cents (\$87,116.68) are available in Public Works Department's 2016-2017 Fiscal Year budget in Account No. 2502-710-000-4269.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Manager is authorized to issue a purchase order to GCCOG in the amount of \$87,116.68 (Eighty Seven Thousand One Hundred Sixteen Dollars and Sixty Eight Cents).

SECTION 2. That funds to pay for membership and participation fees are available in Public Works Department's 2016-2017 Fiscal Year budget in Account Number 2502-710-000-4269 in the amount not to exceed \$87,116.68.

SECTION 3. That a copy of this resolution shall be filed in the offices of the City Manager, City Controller, City Clerk and Public Works Department.

SECTION 4. That the Mayor shall sign and the City Clerk shall attest to the adoption of this resolution.

ADOPTED this _____ day of _____, 2016.

MAYOR OF THE CITY OF COMPTON

#14.

RESOLUTION NO. _____
PAGE TWO

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing resolution was adopted by the City Council, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the _____ day of _____ 2016.

That said resolution was adopted by the following vote to wit:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-
ABSTAIN: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON

RESOLUTION SIGN-OFF FORM

DEPARTMENT: Public Works-Engineering

RESOLUTION TITLE: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO GATEWAY CITIES COUNCIL OF GOVERNMENTS (GCCOG) FOR THE PURPOSE OF PAYING THE ANNUAL MEMBERSHIP FEE, THE I-710 CORRIDOR ENVIRONMENTAL IMPACT REPORT/ENVIRONMENTAL IMPACT STATEMENT (EIR/EIS) REPORT FEE AND THE SR-91/I-605/I-405 MAJOR CORRIDOR STUDY FEE FOR FISCAL YEAR 2016-2017 (\$87,116.68)

Glen Kau
DEPARTMENT MANAGER’S SIGNATURE

7/7/2016 4:30:07 PM
DATE

REVIEW / APPROVAL

Merle Greene
CITY ATTORNEY

7/14/2016 11:52:26 AM
DATE

Austin Okonta
CITY CONTROLLER

7/11/2016 8:22:38 AM
DATE

Alma Martinez
CITY MANAGER

7/7/2016 6:53:28 PM
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

July 19, 2016

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: GLEN W. C. KAU, P.E., DIRECTOR OF PUBLIC WORKS

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO THE STATE WATER RESOURCES CONTROL BOARD FOR ANNUAL WASTE DISCHARGE FEES FOR THE PUBLIC WORKS DEPARTMENT (\$35,342)

SUMMARY

This resolution authorizes the City Manager to issue a purchase order to the State Water Resources Control Board for annual waste discharge fees for the Public Works/Municipal Utilities Department (\$35,342).

BACKGROUND

The Municipal Storm Water Permitting Program regulates storm water discharges from municipal separate storm sewer systems (MS4). Storm water is runoff generated from rain or snow melt that drains off surfaces such as rooftops, paved streets, highways or parking lots and can carry with it pollutants such as oil, pesticides, herbicides, sediment, trash, bacteria and metals. This runoff can then drain directly into a local stream, lake or bay. Often, the runoff drains into storm drains which eventually drain untreated into a local water body.

The Los Angeles Regional Water Quality Control Board has adopted a National Pollutant Discharge Elimination System General Permit (NPDES) storm water permit for municipalities. These permits are reissued as the permits expire.

The Phase I MS4 permit requires the discharger to develop and implement a Storm Water Management Plan/Program with the goal of reducing the discharge of pollutants to the maximum extent practicable.

STATEMENT OF THE ISSUE

The Public Works Department received an invoice associated with the City's enrollment under the MS4 municipal storm water permit. The Public Works Department pays an annual fee to the State Water Resources Control Board for annual waste discharge fees pursuant to its enrollment in the MS4 permit process. Due to the vendor exceeding the approved \$5,000 threshold during the current Fiscal Year 2016-2017, authorization from City Council is required.

#15.

State Water Resource Control Board
Staff Report
Page 2 of 2

FINANCIAL IMPACT

Adequate funds (\$35,342) are available in the approved FY 2016-17 Budget under Public Works in Account Number 2502-710-000-4269.

ALTERNATIVE

There are no viable alternatives.

STAFF RECOMMENDATION

Staff recommends the adoption of the attached resolution.

GLEN W.C., P.E., DIRECTOR OF PUBLIC WORKS

APPROVED FOR FORWARDING

**ROGER L. HALEY
CITY MANAGER**

RLH/GK/RC

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO THE STATE WATER RESOURCES CONTROL BOARD FOR ANNUAL WASTE DISCHARGE FEES FOR THE PUBLIC WORKS DEPARTMENT (\$35,342)

WHEREAS, this resolution authorizes the City Manager to issue a purchase order to the State Water Resources Control Board for annual waste discharge fees for the Public Works/Municipal Utilities Department; and

WHEREAS, the Municipal Storm Water Permitting Program regulates storm water discharges from municipal separate storm sewer systems (MS4); and

WHEREAS, storm water is runoff from rain or snow melt that runs off surfaces such as rooftops, paved streets, highways or parking lots and can carry with it pollutants such as oil, pesticides, herbicides, sediment, trash, bacteria and metals; and

WHEREAS, the runoff can then drain directly into a local stream, lake or bay. Often, the runoff drains into storm drains which eventually drain untreated into a local water body; and

WHEREAS, the Regional Water Quality Control Boards have adopted National Pollutant Discharge Elimination System General Permit (NPDES) storm water permits for municipalities; and

WHEREAS, these permits are reissued as the permits expire; and

WHEREAS, the MS4 permits require the discharger to develop and implement a Storm Water Management Plan/Program with the goal of reducing the discharge of pollutants to the maximum extent practicable; and

WHEREAS, the City of Compton Public Works/Municipal Utilities Department received an invoice associated with the City of Compton's enrollment under the MS4 municipal storm water permit; and

WHEREAS, the Public Works/Municipal Utilities Department pays an annual fee to the State Water Resources Control Board for annual waste discharge fees pursuant to its enrollment in the MS4 permit process; and

WHEREAS, due to the vendor exceeding the approved \$5,000 threshold during the current Fiscal Year 2016-2017, authorization from City Council is required.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Manager is hereby authorized to issue a purchase order to The State Water Resources Control Board in an amount not to exceed \$35,342 for annual waste discharge fees for the Public Works Department.

SECTION 2. The funds for Fiscal Year 2016-2017 in the amount of \$35,342 and are in the Public Works Department's 2016-2017 Fiscal Year budget in Account No. 2502-710-000-4269.

RESOLUTION NO. _____
PAGE 2

SECTION 3. That a copy of this resolution shall be forwarded to the offices of the City Manager, City Controller and Public Works Department.

SECTION 4. That the Mayor shall sign and the City Clerk shall attest to the adoption of this resolution.

ADOPTED this _____ day of _____ 2016.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

**STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON**

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing resolution was adopted by the City Council, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the _____ day of _____, 2016.

That said resolution was adopted by the following vote, to wit:

**AYES: COUNCIL MEMBER-
NOES: COUNCIL MEMBER-
ABSENT: COUNCIL MEMBER-
ABSTAIN: COUNCIL MEMBER-**

CITY CLERK OF THE CITY OF COMPTON

RESOLUTION SIGN-OFF FORM

DEPARTMENT: Public Works-Engineering

RESOLUTION TITLE: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ISSUE A PURCHASE ORDER TO THE STATE WATER RESOURCES CONTROL BOARD FOR ANNUAL WASTE DISCHARGE FEES FOR THE PUBLIC WORKS DEPARTMENT (\$35,342)

<ManagersName>
DEPARTMENT MANAGER’S SIGNATURE

<ManagersDate>
DATE

REVIEW / APPROVAL

<LegalName>
CITY ATTORNEY

<LegalDate>
DATE

<ControllerName>
CITY CONTROLLER

<ControllerDate>
DATE

<CityManager>
CITY MANAGER

<CityManagerDate>
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

July 19, 2016

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: ALITA L. GODWIN, CMC
CITY CLERK

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ALL STAR INTERPRETING SERVICE FOR PROVISION OF SPANISH LANGUAGE INTERPRETATION AND TRANSLATION SERVICES FOR CITY'S LEGISLATIVE BODIES FOR FISCAL YEAR 2016-2017 (\$35,000)

SUMMARY

This Resolution will authorize the City Manager to enter into an agreement with All Star Interpreting Service ("All Star") to provide Spanish language translation and interpretation services for the public meetings of the City's legislative bodies for Fiscal Year 2016-2017 and issue a purchase order in the amount of \$35,000.

BACKGROUND

The City Council conducts much of the City's business during its weekly public and televised meetings in the English language. A substantial portion of the City's population is Spanish speaking and the City believes that it is important for all residents of the City to understand and participate in the governance of the City, thus the need to provide interpretation and translation services for City Council meetings and other community meetings. The City conducts public meetings of its legislative bodies up to four (4) times monthly.

STATEMENT OF ISSUE

All Star has been providing translation and interpreting service for over twenty (20) years. All Star is a member of the American Translators Association, State and Federally Certified Interpreters and provide services for virtually every language.

All Star will provide professional Spanish language interpretation and translation services for all of the public meetings of the City's legislative bodies (i.e. City Council, Public Finance Authority, Urban Community Development Commission and Successor Agency), including regular, special and emergency meetings, which includes translation for the City's cable telecast of the aforementioned

#16.

Staff Report – Resolution Authorizing Contract for
Spanish Language Translation Services for Legislative Bodies
All Star Interpreting Service FY 2016-2017
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meetings. The contract with All Star will be for one (1) year (July 1, 2016 through June 30, 2017). The costs of services will remain at the rate of Seven Hundred Fifty Dollars (\$750.00) per date of services rendered for the entire term of the agreement.

FISCAL IMPACT

The costs for services for Fiscal Year 2016-2017 is not to exceed Thirty Five Thousand Dollars (\$35,000.00). Funds are available in Account No. 1001-47-0000-4262.

RECOMMENDATION

Staff recommends that Council approve the attached Resolution.

ALITA GODWIN, CMC
CITY CLERK

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ALL STAR INTERPRETING SERVICE FOR PROVISION OF SPANISH LANGUAGE INTERPRETATION AND TRANSLATION SERVICES FOR CITY'S LEGISLATIVE BODIES FOR FISCAL YEAR 2016-2017 (\$35,000)

WHEREAS, the City Council conducts much of the City's business during its weekly public and televised meetings in the English language; and

WHEREAS, a substantial portion of the City's population is Spanish speaking and the City believes that it is important for all residents of the City to understand and participate in the governance of the City, thus the need to provide interpretation and translation services for City Council meetings and other community meetings; and

WHEREAS, All Star Interpreting Service ("All Star") will provide professional Spanish language interpretation and translation services for all of the public meetings of the City's legislative bodies (i.e. City Council, Public Finance Authority, Urban Community Development Commission and Successor Agency), including regular, special and emergency meetings, which includes translation for the City's cable telecast of the aforementioned meetings; and

WHEREAS, the contract with All Star will be for a term of one (1) year (July 1, 2016 through June 30, 2017) at a cost not to exceed Thirty Five Thousand Dollars (\$35,000.00); and

WHEREAS, funds for this expenditure are available in Account No. 1001-47-0000-4262 of the 2016-2017 Fiscal Year budget.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE:

Section 1. That the City Manager, upon the advice and approval of the City Attorney is authorized to enter into an agreement with All Star Interpreting Service to provide professional Spanish language interpretation and translation services for all of the public meetings of the City's legislative bodies (i.e. City Council, Public Finance Authority, Urban Community Development Commission and Successor Agency), including regular, special and emergency meetings and translation for the City's cable telecast of the aforementioned meetings for Fiscal Year 2016-2017 in an amount not-to-exceed \$35,000.00.

Section 2. That the term of the agreement shall be from July 1, 2016 through June 30, 2017.

Section 3. That funds for this expenditure are available in the 2016-2017 Fiscal Year budget in Account No. 1001 470 000 4262.

Section 4. That a purchase order in the amount of \$35,000.00 is authorized to be issued.

Section 5. That a certified copy of this Resolution shall be filed in the offices of the City Manager, City Clerk, City Controller, and City Attorney.

Section 6. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED this ____ day of _____, 2016.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)ss
CITY OF COMPTON)

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Council of the City of Compton, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the ____ day of _____, 2016.

That said Resolution was adopted by the following vote, to wit:

AYES: COUNCIL MEMBERS-
NOES: COUNCIL MEMBERS-
ABSTAIN: COUNCIL MEMBERS-
ABSENT: COUNCIL MEMBERS-

CITY CLERK OF THE CITY OF COMPTON

**INTERPRETATION AND TRANSLATION SERVICES AGREEMENT
BETWEEN
THE CITY OF COMPTON
AND
ALL STAR INTERPRETING SERVICE**

This **AGREEMENT** is made by and between the **CITY OF COMPTON**, a municipal corporation of the State of California (hereinafter referred to as "**CITY**") located at 205 South Willowbrook Avenue, Compton, California 90220, and **ALL STAR INTERPRETING SERVICE** (hereinafter referred to as "**ALL STAR**"), located at 1925 Vassar Avenue, Glendale, California 91204.

RECITALS:

WHEREAS, the City Council conducts much of the City's business during its weekly public and televised meetings in the English language; and

WHEREAS, a substantial portion of the City's population is Spanish speaking; and

WHEREAS, the City believes that it is important for all residents of the City to understand and participate in the governance of the City, thus the need to provide interpretation and translation services for City Council meetings and other community meetings; and

WHEREAS, All Star warrants that it is specifically trained, experienced, competent, and has the resources to provide such services which will be required by this Agreement; and

WHEREAS, by Resolution No. _____, adopted on the ____ day of _____, 2016, the City Council authorized the City Manager to enter into an agreement with All Star to provide interpretation and translation services to the City; and

WHEREAS, All Star is willing to render such professional services, as hereinafter defined, on the following terms and conditions.

NOW, THEREFORE, All Star and City, for the consideration, terms and conditions herein described, mutually agree as follows:

AGREEMENT:

1. **Services to be rendered by All Star.** It is the mutual understanding of the parties that the All Star shall perform and be responsible for providing professional Spanish language interpretation and translation services for all of the public meetings of the City's legislative bodies (i.e. City Council, Public Finance Authority, Urban Community Development Commission and Successor Agency), including regular, special and emergency meetings, which includes translation for the City's cable telecast of the aforementioned meeting. All Star shall be available for performance of services at the aforementioned public meetings of the City's legislative bodies commencing at 5:30 p.m. on any Tuesday that a meeting(s) is scheduled, unless directed otherwise by the City Clerk's Office. For special and emergency meetings of the aforementioned legislative bodies, All Star shall be available upon twenty-four (24) hours advance notice of the date and time.

All Star acknowledges that in entering into this Agreement the City is relying on All Star's special skills and experience to do and perform the services in accordance with best standards of professional practice. While performing the services, All Star agrees to perform all the said work and furnish all the necessary materials at its own cost and expense necessary to complete said services in a manner consistent with that degree of care and skill ordinarily exercised by

members of the same profession currently practicing under similar circumstances and to the reasonable satisfaction of the City.

All Star services hereunder shall be performed in good, workmanlike and professional manner. All Star shall be responsible for correcting and completing all errors and omissions related to the services provided by the All Star for this Agreement at no additional cost to the City. "Errors" and "Omissions" for purposes of this paragraph are defined to mean a failure by the All Star to meet the standards of its profession as set forth in the preceding paragraph. The acceptance of the services by City does not release All Star from these obligations.

All Star will be responsible for employing or engaging all persons necessary to perform the services. All of All Star's staff will be qualified by training and experience to perform their assigned tasks. All Star will give its personal attention to the fulfillment of the provisions of this Agreement by all of its employees and subcontractor, if any, and will keep the services under its control. On demand of City, if any employee or subcontractor of All Star fails or refuses to carry out the provisions of this Agreement or appears to be incompetent or to act in a disorderly or improper manner, he or she will be discharged immediately from the services.

Acceptance by City of the work performed under this Agreement does not operate as a release of said All Star from such professional responsibility for the services performed.

2. Duration of Contract. The term of this Agreement shall be for the period of July 1, 2016 through June 30, 2017, unless this Agreement is terminated as provided herein.

3. Compensation. The method of payment for this Contract will be on a flat fee-for-services basis. Interpreter labor shall be assumed to be for a full day event at a cost of **Seventy Hundred Fifty Dollars (\$750.00)**. A half day event is considered to be up to three (3) hours of translation time, charged at a cost of **Five Hundred Dollars (\$500.00)**. The total price paid All Star will include compensation for all work, including travel, materials, supplies, vendor services, expenses and subcontracted work. No additional compensation will be paid to the All Star, unless there is a change in the scope of the work or the scope of the project. In the instance of a change in the scope of work or scope of the project, adjustment to the total compensation will be negotiated between the All Star and the City. Adjustment in the total compensation will not be effective until authorized and approved by written contract amendment.

Progress payments may be made in arrears based on the percentage of work and deliverables completed by the All Star. If All Star fails to submit the required deliverable items according to schedule, unless the failure is through no fault of the All Star or the schedule is altered/extended by the City, the City shall have the right to delay payment and/or terminate this Agreement in accordance with the provisions noted herein.

All Star shall be reimbursed within thirty (30) days, or as promptly as fiscal procedures may permit, upon receipt by the City of itemized invoices for services completed. Invoices shall be submitted no later than 45 calendar days after the performance of work for which the All Star is billing. Invoices shall detail the work performed on each task as applicable. Invoices shall be mailed or delivered to the City Clerk at the following address: **City of Compton, 205 South Willowbrook Avenue, Compton, California 90220.**

All Star is required to comply with all federal, state and local laws and ordinances applicable to the work.

All Star understand and agree that the maximum compensation authorized for the services to be performed pursuant to this Agreement is limited to a not-to-exceed sum of **Thirty Five Thousand Dollars (\$35,000.00)**.

In the event of termination, the All Star shall be entitled to compensation for the undisputed reasonable value of services performed to the effective date of termination, including any noncancellable obligations incurred prior to termination; provided, however, that the City may condition payment of such compensation upon the All Star's delivery to the City of any and all City property, documents, reports, records, materials and work product associated with the performance of this Agreement.

4. Ownership of Materials. All Star agrees that all of its electronic and hardcopy reports, documents, disc, diskettes and other materials and work product created or assembled by it in the course of performing the services ("Work Product") hereunder are works for hire for the benefit of the City and as such is the sole property of the City. To the extent that such materials and work product do not constitute work for hire, in consideration of the payments and other covenants of the City, as set forth or called for herein, All Star hereby sells, transfers, conveys and assigns any and all of its rights therein to the City. In the event this Agreement is terminated, all Work Product produced by All Star or its agents, employees and subcontractor pursuant to this Agreement will be delivered to City pursuant to the termination clause of this Agreement.

The Work Product may be used by City and its agents, employees, representatives, and assigns, in whole or in part, or in modified form, for all purposes City may deem advisable, without further employment of or payment of any compensation to All Star; provided, however, that if this Agreement is terminated for any reason prior to expiration of this Agreement and if under such circumstances City uses, or engages the services of and directs another All Star to use, the Work Product, City agrees to hold All Star harmless from any and all liability, costs, and expenses relative to claims arising out of matters and/or events which occur subsequent to the termination of this Agreement as a result of causes other than the fault or negligence of All Star, or anyone for whose acts it is responsible, in preparation of the Work Product. All Star will not be responsible for deficiencies solely attributable to modifications of the Work Product performed by others.

5. Independent Contractor Status. All Star, its officers, employees, subcontractors, agents and volunteers (collectively hereinafter the "All Star"), will perform the services in All Star's own way and pursuant to this Agreement as an independent contractor and in pursuit of All Star's independent calling, and not as an employee of City. The persons used by All Star to provide the services under this Agreement will not be considered employees of City for any purposes. Neither the City nor any of its officers, employees, agents or volunteers shall have any control over the conduct of the All Star, except as expressly set forth in this Agreement. All Star expressly warrants that while engaged in carrying out and complying with any terms and conditions of this Agreement that All Star shall not at any time or in any manner, represent that All Star is in any manner officers, employees, agents or volunteers of the City. All Star shall obtain no rights to retirement, health care or any other benefit that accrue to City officials, officers, or employees. All Star expressly waives any claim to such rights.

The payment made to All Star pursuant to the Agreement will be the full and complete compensation to which All Star is entitled. City will not make any federal or state tax withholdings on behalf of All Star or its agents, employees or subcontractors. City will not pay any workers' compensation insurance, retirement contributions or unemployment contributions on behalf of All Star or its employees or subcontractors. All Star agrees to indemnify and pay

City within thirty (30) days for any tax, retirement contribution, social security, overtime payment, unemployment payment or workers' compensation payment which City may be required to make on behalf of All Star or any agent, employee, or contractor of All Star for work done under this Agreement. At the City's election, City may deduct the amounts paid pursuant to this Section, from any balance owing to All Star.

6. Successors, Assignment and Delegation. City and the All Star each binds themselves, their partners, successors, assigns and legal representatives to the other hereto and to partners, successors, assigns and legal representatives of such other party in respect to all covenants, agreements and obligations contained in this Agreement.

The expertise and experience of All Star are material considerations for this Agreement. All Star shall not assign or transfer any interest in this Agreement or the performance of any of All Star's obligations under this Agreement without the prior written consent of the City. Any attempted assignment or transfer of any of All Star's rights, duties or obligations arising under this Agreement shall be null and void.

7. Nondiscriminatory Employment Practices. During the performance of this Agreement, the All Star agrees not to discriminate against any employee or applicant for employment because of race, sex, creed, color, religion, age, sexual orientation, marital status, national origin, political affiliation, handicap or belief in accordance with requirements of City, State or Federal laws and regulations. All Star will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, sex, creed, color, religion, age, sexual orientation, marital status, national origin, political affiliation, handicap or belief in accordance with requirements of City, State or Federal laws and regulations. Such actions shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoffs or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The All Star agrees to post in conspicuous places, available to employees, applicants and subcontractors for employment, notices setting forth the provisions of this non-discrimination clause.

In the event of the All Star's non-compliance with the non-discrimination clause of this Agreement, this Agreement may be immediately canceled, terminated or suspended in whole or in part.

8. Subcontracting. All Star's services are unique and personal. Except as may be agreed to by the City, All Star will not subcontract any portion of the services without prior written approval of City Manager or his/her designee. If All Star subcontracts any of the services, All Star will be fully responsible to City for the acts, errors and omissions of All Star's subcontractor and of the persons either directly or indirectly employed by the subcontractor, as All Star is for the acts and omissions of persons directly employed by All Star. Nothing contained in this Agreement will create any contractual relationship between any subcontractor of All Star and City. All Star will be responsible for payment of subcontractors. All Star will bind every subcontractor and every subcontractor of a subcontractor by the terms of this Agreement applicable to All Star's work unless specifically noted to the contrary in the subcontract and approved in writing by City.

9. Other Contractors. The City reserves the right to employ other contractors in connection with the services.

10. Indemnification. All Star shall indemnify and save harmless the City, its officials, officers, employees, agents and volunteers (collectively hereinafter the "City"), against

any and all damages to property or injuries to or death of any person or persons, including property and employees or agents of the City and shall indemnify and save the City from any and all liability and expense including reimbursement of reasonable defense costs and legal fees, and claims, demands, suits, actions or proceedings of any kind or nature, including Workers' Compensation claims, of or by anyone whomsoever to the extent resulting from or arising out of the negligent, reckless or willful misconduct for the All Star, its officers, employees, subcontractor, subcontractors or agents in the performance of the duties undertaken by All Star pursuant to this Agreement.

This indemnification and hold harmless obligation does not extend to claims arising out of the negligence or willful misconduct of the City.

11. Insurance. Without limiting the All Star's indemnification of the City, All Star shall obtain and maintain, at its cost and expense, for the duration of the Agreement and any and all amendments, insurance against claims for injuries to persons or damage to property which may arise out of or in connection with performance of the services by All Star or All Star's agents, representatives, employees or subcontractors. The insurance will be obtained from an insurance carrier admitted and authorized to do business in the State of California. Such evidence shall specifically identify this Agreement and shall contain express conditions that the City is to be given written notice at least thirty (30) days in advance of any termination or implementation of a reduction of limits or material change of insurance coverage as specified herein. ***Failure on the part of the All Star to procure or maintain insurance shall constitute a material breach upon which the City may immediately terminate this Agreement.*** All insurance required hereunder shall be primary with respect to any insurance maintained by the City.

Coverages and Limits. All Star will maintain the types of coverages and minimum limits indicated below, unless the Risk Manager or City Manager, in consultation with the City Attorney approves a lower amount. These minimum amounts of coverage will not constitute any limitations or cap on All Star's indemnification obligations under this Agreement. City, its officers, agents, volunteers and employees make no representation that the limits of the insurance specified to be carried by All Star pursuant to this Agreement are adequate to protect All Star. The coverage will contain no special limitations on the scope of its protection to the below-indicated insureds except for Workers Compensation. All Star will obtain occurrence coverage, excluding Professional Liability, which will be written as claims-made coverage. If All Star believes that any required insurance coverage is inadequate, All Star will obtain such additional insurance coverage, as All Star deems adequate, at All Star's sole expense.

11.1 Commercial General Liability Insurance. \$1,000,000 combined single-limit per occurrence for bodily injury, personal injury and property damage. If the submitted policies contain aggregate limits, general aggregate limits will apply separately to the work under this Agreement or the general aggregate will be twice the required per occurrence limit.

11.2 Workers' Compensation and Employer's Liability. Workers' Compensation limits as required by the California Labor Code and Employer's Liability limits of \$1,000,000 per accident for bodily injury. Workers' Compensation and Employer's Liability insurance will not be required if All Star has no employees and provides, to City's satisfaction, a declaration stating this.

Endorsements. For Commercial General Liability Insurance, All Star will ensure that the policies are endorsed to name the City of Compton and its respective elected and appointed officers, officials, employees, agents and volunteers as **"additional insureds"** with respect to liability arising out of the activities of All Star. Any failure to comply with reporting provisions of

the policies shall not affect coverage provided to the City. ***Prior to City's execution of this Agreement, All Star will furnish certificates of insurance and endorsements to City.***

Waiver of Subrogation. The policies shall contain a waiver of subrogation for the benefit of City.

12. Permits and Licenses. All Star, at its own expense, during the term of this Agreement, shall obtain and maintain all appropriate business and professional permits, licenses and certificates that may be required in connection with the performance of services by the All Star. Upon execution of this Agreement, the All Star shall show evidence of a business license permit in conformance with *Section 9-1.2 of the Compton Municipal Code*.

13. Maintenance of Records. All Star will maintain complete and accurate records with respect to costs incurred under this Agreement. All records will be clearly identifiable. All Star will allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of records and any other documents created pursuant to this Agreement. All Star will allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years, or longer if required by law, from the date of final payment under this Agreement.

14. Warranties. All Star represents and warrants (i) that All Star has no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with All Star's undertaking this relationship with City, (ii) that the performance of the services called for by this Agreement do not and will not violate any applicable law, rule or regulation or any proprietary or other right of any third party, (iii) that All Star will not use in the performance of his responsibilities under this Agreement any confidential information or trade secrets of any other person or entity and (iv) that All Star has not knowingly entered into or will enter into any agreement (whether oral or written) in conflict with this Agreement.

15. General Compliance with Laws. All Star will keep fully informed of federal, state and local laws and ordinances and regulations which in any manner affect those employed by All Star, or in any way affect the performance of the services by All Star. All Star will at all times observe and comply with these laws, ordinances, and regulations and will be responsible for the compliance of the services with all applicable laws, ordinances and regulations.

16. Termination. In the event of the All Star's failure to prosecute, deliver, or perform the services, after giving written notice of default and two (2) days to correct the same, then, in addition to any other remedies, City may terminate this Agreement for nonperformance by notifying All Star in writing. All Star has five (5) business days to deliver any documents owned by City and all work in progress to City address contained in this Agreement. City will make a determination of fact based upon the work product delivered to City and of the percentage of work that All Star has performed which is usable and of worth to City in having the Agreement completed. Based upon that finding City will determine the final payment of the Agreement. In the event City elects to terminate, City will have the right to immediate possession of all Work Product and work in progress prepared by All Star, whether located at the project site, at All Star's place of business, or at the offices of a subcontractor.

The City's obligation is payable only from funds appropriated for the purpose of this Agreement. All funds for payments after the end of the current fiscal year are subject to the City's legislative appropriation for this purpose. In the event this Agreement extends into succeeding fiscal year periods and the City Council does not allocate sufficient funds for the next succeeding fiscal year payments, this Agreement shall terminate immediately upon written notice from the City.

Either Party, upon tendering ten (10) calendar days written notice to the other Party, may terminate this Agreement for convenience. In this event and upon request of City, All Star will assemble the work product without charge and put it in order for proper filing and closing and deliver it to City. All Star will be paid for work performed to the termination date; however, the total will not exceed the lump sum fee payable under this Agreement. City will make the final determination as to the portions of tasks completed and the compensation to be made.

17. Covenants Against Contingent Fees. All Star warrants that All Star has not employed or retained any company or person, other than a bona fide employee working for All Star, to solicit or secure this Agreement, and that All Star has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of this Agreement. For breach or violation of this warranty, City will have the right to terminate this Agreement for nonperformance, or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of the fee, commission, percentage, brokerage fees, gift, or contingent fee.

18. Jurisdiction, Venue and Governing Law. Any action at law or in equity brought by either of the Parties for the purpose of enforcing a right or rights provided for by this Agreement will be tried in a court of competent jurisdiction in the County of Los Angeles, State of California, and the Parties waive all provisions of law providing for a change of venue in these proceedings to any other county. This agreement will be governed by the laws of the State of California.

19. Testimony. All Star will testify at City's request if litigation is brought against City in connection with All Star's services under this agreement. Unless the action is brought by All Star, or is based upon All Star's actual or alleged negligence or other wrongdoing, City, upon prior written agreement with All Star will compensate All Star for time spent in preparation for testimony, testimony, and travel at All Star's standard hourly rates at the time of actual testimony.

20. Waivers. The waiver by either Party of any breach or violation of any term, covenant, or condition of this Agreement or of any applicable law will not be deemed to be a waiver of such term, covenant, condition or law or of any subsequent breach or violation of same or of any other term, covenant, condition or law. The acceptance by either Party of any fee or other payment which may become due under this Agreement will not be deemed to be a waiver of any preceding breach or violation by the other Party of any term, covenant, or condition of this Agreement or any applicable law.

21. Authority. The individuals executing this Agreement and the instruments referenced in it on behalf of All Star each represent and warrant that they have the legal power, right and actual authority to bind All Star to the terms and conditions of this Agreement.

22. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

23. Amendments. This Agreement may be modified or amended only be written document executed by both All Star and City's City Manager and approved as to form by

the City Attorney. Such document shall expressly state that it is intended by the parties to amend the terms and conditions of this Agreement.

24. Confidentiality. All documents, reports, information, data, and exhibits prepared or assembled by All Star in connection with the performance of the Services pursuant to the Agreement are confidential until released by the City to the public, and the All Star will not make any of these documents or information available to any individual or organization not employed by the All Star or the City without the written consent of the City before any such release.

25. Entire Agreement. This Agreement, together with any other written document referred to or contemplated by it embody the entire Agreement and understanding between the parties relating to the subject matter of it. The City Manager is authorized, in consultation with the City Attorney, to agree to non-material amendments to this Agreement. Neither this Agreement nor any of its provisions may be amended, modified, waived or discharged except in a writing signed by both parties.

26. Notices. Any notices required or permitted under this Agreement shall be effective when delivered in person; and effective one (1) business day after delivery by facsimile transmission; and effective five (5) days after mailing by U.S. Mail, postage prepaid and properly addressed as follows:

To Provider:

**All Star Interpreting Service
1925 Vassar Avenue
Glendale, California 91204
Attn: Juan Carlos Morales, President & CEO
(213) 400-9225
(213) 400-0925 – Direct
(818) 547-0562 – fax.
customerservice@allstarinterpreting.com**

To City:

**City of Compton
205 South Willowbrook Avenue
Compton, California 90220
Attn: City Clerk
(310) 605-5530
(310) 639-4685 – fax.**

Copy to:

**City of Compton
205 South Willowbrook Avenue
Compton, California 90220
Attn: City Manager**

In the event of any change of address, the moving party is obligated to notify the other party of the change of address in writing. Each party may amend, supplement and update the notice list to add, delete or replace any listed individuals; however, the amendment must be in writing.

27. Miscellaneous. No provision of this Agreement is to be interpreted for or against either party because that party or that party's legal representative drafted such provision.

Should either party hereto, or any representative, successor or assign of either party hereto, resort to litigation to enforce the provisions of this Agreement, the party or parties

Spanish Translation/Interpretation – All Star Interpreting Service
(City Clerk) FY 2016-2017
Resolution No. _____

prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to recover its or their reasonable attorney's fees and costs in such litigation from the party or parties against whom enforcement is sought.

IN WITNESS WHEREOF, ALL STAR has executed this Agreement, and the **CITY**, by its City Manager, who is authorized to do so, has executed this Agreement.

ALL STAR INTERPRETING SERVICES

Dated: _____

By _____
Juan Carlos Morales, President & CEO

CITY OF COMPTON
Recommended for Approval:

By _____
Alita Godwin, City Clerk

Dated: _____

Approved by:

Dated: _____

By _____
Roger Haley, City Manager

Approved as to form:

By _____
Craig J. Cornwell, City Attorney

Dated: _____

ATTEST:

Dated: _____

By _____
Alita Godwin, City Clerk

RESOLUTION SIGN-OFF FORM

DEPARTMENT: City Clerk

RESOLUTION TITLE: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH ALL STAR INTERPRETING SERVICE FOR PROVISION OF SPANISH LANGUAGE INTERPRETATION AND TRANSLATION SERVICES FOR CITY’S LEGISLATIVE BODIES FOR FISCAL YEAR 2016-2017 (\$35,000)

<ManagersName>
DEPARTMENT MANAGER’S SIGNATURE

<ManagersDate>
DATE

REVIEW / APPROVAL

<LegalName>
CITY ATTORNEY

<LegalDate>
DATE

<ControllerName>
CITY CONTROLLER

<ControllerDate>
DATE

<CityManager>
CITY MANAGER

<CityManagerDate>
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

July 19, 2016

TO: MAYOR AND COUNCIL MEMBERS

FROM: CITY MANAGER

SUBJECT: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMPTON AMENDING SECTIONS 9-10.1 AND 9-10.12 OF CHAPTER IX OF THE COMPTON MUNICIPAL CODE RELATIVE TO CLARIFICATION OF THE TERM "GAMES" AND SUBJECTING INTERNET POKER REVENUES TO THE LICENSING FEES DUE THE CITY.

SUMMARY

Adoption of the attached ordinance will amend Section 9-10.1(f) of the Compton Municipal Code to revise the definition "games" so as to include all games which are not prohibited by state law and amend the first paragraph of Section 9-10.12(a) to include revenues generated by internet poker or other games in the monthly license fee the City collects from licensed card clubs.

BACKGROUND

Section 9-10.1 of the Compton Municipal Code ("CMC") currently defines "games" that are authorized to be played at licensed card clubs in the City as "...all games regulated by Section 330 of the California Penal Code (whether or not cards are used) which are not prohibited by State law." This definition, particularly the reference to Penal Code Section 330, creates a potential ambiguity in the CMC because Penal Code Section 330 only references games that are unlawful if played in the state. Thus, there is no game referenced in Penal Code Section 330 that is "not prohibited by state law." Games regularly played in the City's card club, such as poker, are not regulated by Penal Code Section 330. The City has never interpreted its card club ordinance to prohibit games such as poker at the City's card club, nor does it reflect past or current City practices.

This proposed ordinance would clarify the definition of "games" to include all games (whether or not cards are used) which are not prohibited by state law. Other provisions of state law, particularly Penal Code Section 337j(e), permit so-called "controlled games" like poker and Pai Gow that may be played at licensed gambling establishments in the state. [See also Business & Professions Code Section 19805(g).] Staff believes that this revised definition of "game" or "games" is consistent with the City's practices and the intent of the City's card club ordinance. This new definition is not intended to expand gaming or authorize new games played in the City.

The second purpose of this Ordinance is to include card club revenue generated by future internet gambling as part of the monthly card club license fee collected by the City. Section 9-10.12 of the CMC requires card club licensees to remit a monthly fee to the City, which is a percentage of the total monthly gross revenue of the licensee's card

game business (excluding food, beverage, and other hospitality revenue). The fee rate gradually increases from 5.7 to 14.0 percent, depending on the amount of monthly gross revenue generated by the card club. This ordinance will require that revenue generated by the operation, sponsorship, or underwriting of internet poker or other games must be included within the card club's gross revenue and subject to the monthly licensing fee.

By way of background, internet gambling is currently prohibited under state and federal law. In 2006, Congress effectively prohibited internet gambling nationwide with the adoption of 31 U.S.C. §§ 5361 *et seq.* However, the federal prohibition on internet gambling excludes purely intrastate wagers (i.e., gambling occurring exclusively within a single state) when it is expressly authorized by a state and includes certain age, location, and security regulations. Legislation is currently pending before the State Legislature to establish a regulatory structure for intrastate poker in California (AB 2863), although the bill remains in committee and previous attempts to adopt such a bill have been unsuccessful. If AB 2863 or other legislation is adopted to permit local card clubs, such as the Crystal Casino, to operate, sponsor, or underwrite an internet poker site, the City may be able to include such revenue from the site in the City's monthly licensing fee (assuming the Crystal Casino engages in internet gambling).

Please note, however, that this conclusion is not free from doubt. It is not clear how the final version of the state bill, if one is adopted, will treat local regulation or fees relating to internet gambling. At this time, AB 2863 includes a broad statement that it is intended to preempt all local regulation, taxation, or contracts relating to internet poker. Such language, as well as other unknown factors, present some uncertainty as to whether the City will ultimately be able to impose its licensing fee on internet poker revenue. The Legislature will likely decide this issue.

Finally, state law requires that this ordinance be submitted to the California Department of Justice for review and comment before final adoption. [Business & Professions Code Section 19961.1.]

STATEMENT OF THE ISSUE

First, the City's current definition of "games" authorized to be played at the City's licensed card club references a Penal Code Section that raises a potential ambiguity in the card club ordinance's application. This Ordinance would clarify that ambiguity by providing that games currently permitted under state law may be played at licensed card clubs.

Second, federal and state law currently prohibits internet gambling. However, legislation now pending before the State Legislature would establish a regulatory framework for purely intrastate poker in the state. If the State Legislature approves a

**Staff Report – Ordinance Amending CMC
Sections 9-10.1 & 9-10.12 (Card Clubs)
July 19, 2016, page 3**

bill that would allow existing card clubs to operate, sponsor, or underwrite internet poker sites, then the proposed Ordinance would include revenue generated from an internet gambling site, which is operated, sponsored, or underwritten by a licensed card club in the City, in the card club's gross revenue subject the monthly license fee.

RECOMMENDATION

It is recommended that the City Council adopt this Ordinance to clarify the definition of "games" played at licensed card clubs to be consistent with state law and to include revenues generated by internet poker or other games in the monthly license fee collected from licensed card clubs, in the event that internet poker and other games are authorized for play in California.

**ROGER L. HALEY
CITY MANAGER**

Attachment: (Proposed) Ordinance Amendment to Chapter IX, Sections 9-10.1 & 9-10.12

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMPTON AMENDING SECTIONS 9-10.1 AND 9-10.12 OF CHAPTER IX OF THE COMPTON MUNICIPAL CODE RELATIVE TO CLARIFICATION OF THE TERM “GAMES” AND SUBJECTING INTERNET POKER REVENUES TO THE LICENSING FEES DUE THE CITY.

WHEREAS, the City Council of the City of Compton adopts this Ordinance for the purpose of clarifying the current definition of “games” (i.e. games regulated by Section 330 of the California Penal Code) authorized to be played at licensed card clubs within the City; and

WHEREAS, the current definition references games regulated by California Penal Code Section 330, which reference causes a potential ambiguity in that Penal Code Section 330 enumerates only games that are prohibited by law in the State of California; and

WHEREAS, the policies, licenses, ordinances, regulations, and existing conditions within the City demonstrate that games, including poker, that are currently authorized for play by law in the State of California may be played at licensed card clubs within the City and by adopting this Ordinance, the City Council merely intends to reiterate and clarify that all games, whether or not cards are used, which are lawful under California law may continue to be played within the City at licensed card clubs; and

WHEREAS, this Ordinance shall not be construed to regulate, authorize, or license any type of gaming conducted over the internet, but rather, is intended to clarify the scope of a licensed card club’s gross revenue subject to the quarterly license fee required by Compton Municipal Code Section 9-10.12, in the event that legal barriers against internet gaming are removed and, further, that the future regulatory framework permits a licensed card club within the City to generate revenue through the operation, sponsorship, or underwriting of poker or other games conducted over the internet; and

WHEREAS, this Ordinance is not intended to and shall not be interpreted to amend the City’s existing card club ordinance to provide for an expansion of gaming within the City’s boundaries beyond that permitted on January 1, 1996; and

WHEREAS, all legal prerequisites to the adoption of this Ordinance have occurred, including submission of this Ordinance to the Department of Justice for review and comment before final approval.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. That the City Council finds that the facts set forth in the Recitals of this Ordinance are true and correct.

Section 2. That **Subsection (f) of Section 9-10.1** (Definitions) of Chapter IX of the Compton Municipal Code is hereby amended to read as follows:

9-10.1(f) **Game** or **games** shall mean all games (whether or not cards are used) which are not prohibited by State law.

Section 3. That **the first paragraph of Subsection (a) of Section 9-10.12** (Gross Revenue License Fee) of Chapter IX of the Compton Municipal Code is hereby amended to read as follows:

9-10.12(a) In addition to the quarterly license fee prescribed by subsection 9-10.11 of the Compton Municipal Code, each licensee shall pay to the City a monthly fee, which shall be a percentage of the total monthly gross revenue of the

card game business using the table contained herein. Gross revenues include revenue of the licensee generated by its operation, sponsorship or underwriting of internet poker or other games.

Section 4. That this Ordinance is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) which is the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment, and CEQA does not apply where it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment. This Ordinance does not authorize an expansion of gaming within the City and therefore will not result in any environmental impacts associated with the addition of tables or games at licensed card clubs. The Ordinance is intended to clarify existing law.

Section 5. That if any section, subsection, subdivision, sentence, clause, phrase or portion of this Ordinance, is for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

Section 6. That this Ordinance and the rules, regulations, provisions, requirements, orders and matters established and adopted hereby shall take effect and be in full force and effect thirty (30) days after the date of its final passage and adoption by the City Council.

Section 7. That a copy of this Ordinance shall be filed in the offices of the City Clerk, City Manager, City Attorney, Planning and Economic Development Department and the Los Angeles County Sheriff's Department – Compton Station.

Section 8. That the Mayor shall sign and the City Clerk shall attest to the adoption of this Ordinance and shall cause the same to be published as required by law.

ADOPTED this ____ day of _____, 2016.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

Ordinance No. _____
Page 3

I, Alita Godwin, City Clerk of the City of Compton, do hereby certify that the foregoing Ordinance was adopted by the City Council of the City of Compton, signed by the Mayor and attested to by the City Clerk at a regular meeting thereof held on the ____ day of _____, 2016.

The Ordinance was adopted by the following vote, to wit:

AYES: COUNCILMEMBERS
NOES: COUNCILMEMBERS
ABSENT: COUNCILMEMBERS
ABSTAIN: COUNCILMEMBERS

CITY CLERK OF THE CITY OF COMPTON

RESOLUTION SIGN-OFF FORM

DEPARTMENT: City Attorney

RESOLUTION TITLE: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMPTON AMENDING SECTIONS 9-10.1 AND 9-10.12 OF CHAPTER IX OF THE COMPTON MUNICIPAL CODE RELATIVE TO CLARIFICATION OF THE TERM “GAMES” AND SUBJECTING INTERNET POKER REVENUES TO THE LICENSING FEES DUE THE CITY

Ruth Rugley
DEPARTMENT MANAGER’S SIGNATURE

7/11/2016 6:36:46 PM
DATE

REVIEW / APPROVAL

Ruth Rugley
CITY ATTORNEY

7/12/2016 9:33:21 AM
DATE

Austin Okonta
CITY CONTROLLER

7/12/2016 7:11:23 AM
DATE

Alma Martinez
CITY MANAGER

7/11/2016 7:06:10 PM
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

JULY 19, 2016

TO: MAYOR AND CITY COUNCILMEMBERS

FROM: ROGER L. HALEY, CITY MANAGER

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON REFUNDING OF A PORTION OF BOND INDEBTEDNESS HERETOFOR ISSUED BY THE COMPTON PUBLIC FINANCE AUTHORITY AND NOW OUTSTANDING; TO PROVIDE FOR THE ISSUANCE OF REFUNDING BONDS BY THE COMPTON PUBLIC FINANCE AUTHORITY TO FINANCE, IN WHOLE OR IN PART, THE COST OF THE UNDERTAKING NOW CONTEMPLATED; TO AUTHORIZE THE FORMS OF AND DIRECTING THE EXECUTION AND DELIVERY OF THE SITE LEASE, THE FACILITY LEASE, TO AUTHORIZE THE USE OF AN ESCROW DEPOSIT AGREEMENT; TO AUTHORIZE THE PREPARATION, USE AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE SALE OF THE SERIES 2016 BONDS; AND FOR OTHER PURPOSES

SUMMARY

In April, 2008, the City issued its \$46,860,000 Compton Public Finance Authority Lease Revenue Bonds. The purpose of those bonds was to refund, or refinance, the existing 1997 Certificates of Participation (bonds), and also to borrow additional capital to finance the construction and installation of various capital projects. Staff is proposing that the Mayor and Council authorize the refunding of the 2008 Lease Revenue bonds.

BACKGROUND

Most of the projects to be financed with the 2008 bonds have been completed. Examples of some of those projects included facilities improvements and equipment for various City parks; design and construction of a senior center; the purchase of police surveillance cameras; and construction of a two-story parking structure. After making annual payments on the 2008 bonds, approximately \$44.0 million remains outstanding. The annual payments on those began at \$1.9 million for the payment made in 2008, but has escalated, as scheduled, to \$3.9 million in 2015 and every year thereafter. The bonds mature, or are paid off, in 2032.

With the City's recent financial difficulties, a payment of \$3.9 million places a strain on City financial resources. Therefore, in the spring of 2015, the services of Comer Capital Group, LLC were retained as bond Financial Advisor, and IFS Securities, Inc., as investment banker and bond underwriter, to assist the City in identifying options to reduce or avoid the higher annual bond payments. The bond financing team is augmented by Butler Snow, LLP as bond counsel.

In addition, approximately \$8.9 million of proceeds remains from the \$46.9 million of bonds sold in 2008. Internal Revenue Service's regulations require that tax exempt bond proceeds be spent within three years of issuance. In most cases, the IRS will allow issuers (cities) to take a few more years to spend the bond money and complete projects. However, since the City has held these bond proceeds for eight years, the IRS agreement with the City stipulates the City use the remaining proceeds to either pay down bonds or be deployed on projects immediately. Staff recommends \$8.5 million of bonds proceeds from 2008 be utilized to pay down debt in connection with the refunding to achieve the budgetary savings.

The City can borrow for future projects like the Performing Arts Center after the restructuring transaction is completed.

STATEMENT OF ISSUE

The City can take advantage of today's low interest rate environment and refund the outstanding bonds and also restructure the resultant bond payments. As mentioned previously, the City has approximately \$8.9 million in unspent proceeds remaining from the 2008 bonds. Approximately \$8.5 million will be used to pay down the principal in the restructuring. The outstanding balance of the 2008 bonds totals approximately \$44.0 million. However, a portion of the outstanding bonds are not eligible for refunding. Therefore, the City will be restructuring \$33.495 million of the lease revenue bonds and are paying down \$8.5 million of bonds, and transferring a debt service reserve fund of \$2.96 million. That leaves a proposed par, or issuance, amount of approximately \$28,695,000 and a total outstanding lease revenue debt of \$39,295,000

The proposed structure would basically front-load the savings to the next three years. Bond payments on the new refunding bonds would be as follows:

Fiscal Year	Prior Payment	New Payment*	Budget Relief*
2017	\$3.95 mil	\$1.12 mil	\$2.82 mil
2018	\$3.95 mil	\$2.07 mil	\$1.87 mil
2019	\$3.95 mil	\$1.99 mil	\$1.96 mil
Total 3 year Budget Savings			\$6.65 mil

* Estimates and subject to change based on market conditions

FISCAL IMPACT

The bond refunding will result in savings over the next three years of approximately \$6.6 million. Beginning with the fiscal year 2019-20 payment, annual bond payments will increase to approximately \$3.6 million per year, which is approximately \$300,000 per year below what the current debt service schedule calls for. There will likely be savings each year through the entire term of the new bonds. The new refunding bonds will mature in 2032.

Please note that the City of Compton Adopted FY 17 budget reflects the lower, refunding bond payments. These savings are needed to maintain a balanced City General Fund budget.

RECOMMENDATIONS

It is recommended that the Chairman and Board Members adopt the attached Resolutions, Preliminary Official Statement (POS), and related legal documents authorizing the issuance of the City of Compton Refunding & Restructuring, Series 2016 bonds.

ROGER L. HALEY
CITY MANAGER

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF COMPTON TO PROVIDE FOR THE REFUNDING OF A PORTION OF BOND INDEBTEDNESS HERETOFOR ISSUED BY THE COMPTON PUBLIC FINANACE AUTHORITY AND NOW OUTSTANDING; TO PROVIDE FOR THE ISSUANCE OF REFUNDING BONDS BY THE COMPTON PUBLIC FINANCE AUTHORITY TO FINANCE, IN WHOLE OR IN PART, THE COST OF THE UNDERTAKING NOW CONTEMPLATED; TO AUTHORIZE THE FORMS OF AND DIRECTING THE EXECUTION AND DELIVERY OF THE SITE LEASE, THE FACILITY LEASE, TO AUTHORIZE THE USE OF AN ESCROW DEPOSIT AGREEMENT; TO AUTHORIZE THE PREPARATION, USE AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE SALE OF THE SERIES 2016 BONDS; AND FOR OTHER PURPOSES

WHEREAS, the City of Compton (the “City”), a municipal corporation and chartered city of the State of California and governed by the City Council (the “City Council”), wishes to join the Compton Public Finance Authority (the “Authority”) pursuant to the Joint Exercise of Powers Act (being Articles 1 of Chapter 5, Division 7, Title I of the California Government Code), the Mark Roos Local Bond Pooling Act of 1985 (being Article 4 of Chapter 5, Division 7, Title I of the California Government Code, the Refunding Act (being Article 11, Chapter 3, Part 1, Division 2, Title 5 of the California Government Code), a resolution adopted by the Board of Directors of the Authority on July 19, 2016 (the “Authority Resolution”), the Charter of the City of Compton (as amended, the “City Charter”) and the Indenture of Trust (as it may be amended and supplemented, the “Indenture”), dated as of August 1, 2016 by and between the Authority and the U.S. Bank National Association, as trustee (the “Trustee”) (collectively, the “Authorizing Law”) to refund outstanding indebtedness of the Authority; and

WHEREAS, the City Council has heretofore determined that it was necessary and in the best interests of the City to pay for certain capital costs of the City, prepay and defease certain certificates of participation and to fund such undertaking by the issuance and sale of lease revenue bonds; and

WHEREAS, pursuant to resolution Number 22,536, adopted by the City on March 11, 2008, the City Council authorized the issuance by the Authority of the Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Capital Projects) Series 2008 in the principal amount of \$46,860,000 (the “Prior Bonds”), bearing interest from their date of issuance at the rates per annum set forth below opposite each principal maturity, all interest payable semiannually on March 1 and September 1 in each year, and the principal maturing on September 1 in the following years and principal amounts:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2008	\$1,130,000	4.00%	2020	\$2,075,000	5.00%
2009	-		2021	2,180,000	5.00
2010	-		2022	2,290,000	5.00
2011	-		2023	2,405,000	5.25
2012	-		2024	,2530,000	5.25
2013	-		2025	2,665,000	5.25
2014	-		2026	2,805,000	5.25
2015	1,625,000	5.00	2027	2,950,000	5.25
2016	1,710,000	5.00	2028	3,105,000	5.00
2017	1,795,000	5.00	2029	3,260,000	5.00
2018	1,885,000	5.00	2030	3,425,000	5.00
2019	1,980,000	5.00	2031	3,595,000	5.00
			2032	3,450,000	5.00

and there is now outstanding approximately \$44,105,000 aggregate principal amount of the Prior Bonds; and

WHEREAS, under the Constitution and laws of the State of California including the Joint Exercise of Powers Act and the Mark Roos Local Bond Pooling Act of 1985 the Authority and the City are authorized to enter into the financing contemplated herein; and

WHEREAS, the City Council has received a recommendation from Comer Capital Group, LLC, Jackson, Mississippi (the “Financial Advisor”) and IFS Securities, Inc., Atlanta, Georgia (the “Underwriter”) that, due to present market conditions, it is advisable, that the Public Finance Authority is refunding all eligible bonds maturing on September 1 2016 and thereafter and now

outstanding in the approximate aggregate principal amount of \$38,715,000 (the “**Refunded Bonds**”) be refunded by redemption and payment in order to effect in excess of \$5,000,000,000 in budget relief for the City in fiscal years 2016-17, 2017-18 and 2018-19 and further budget relief, of lesser and varying amounts in subsequent years, the City Council has determined, after its own independent study and investigation, that it is in the best interest of the City and the Authority to refund the Refunded Bonds as aforesaid; and

WHEREAS, upon the further recommendation of the Financial Advisor and Underwriter, with which the City Council concurs, it has been determined that such refunding of the Refunded Bonds should be accomplished by making due and legal provision for the redemption of the Refunded Bonds on [September 1, 2018] (the “**Redemption Date**”) by paying the principal amount thereof and the interest to accrue thereon until such date of redemption; and

WHEREAS, to accomplish the refunding of the Refunded Bonds, the City Council authorizes, on behalf of the City, the issuance and delivery of Compton Public Finance Authority Lease Refunding Revenue Bonds (Refunding and Various Capital Projects) Series 2016, in the original aggregate principal amount not to exceed \$30,00,000 (the “**Series 2016 Bonds**”); and

WHEREAS, the Authority proposes to issue its Series 2016 Bonds in the maximum aggregate principal amount of \$30,000,000, with an interest rate not to exceed four and on half percent (4.5%), and maximum annual debt service of \$2,900,000.

WHEREAS, as a result of the sale of the Series 2016 Bonds as aforesaid, the Authority will meet all of the requirements pertaining to the issuance of refunding bonds under the Authorizing Law, the Series 2016 Bonds shall be payable within not more than forty (40) years from the date of issuance, the Series 2016 Bonds will be issued for not less than par and accrued interest to date of delivery, Authority fees charged shall be of an amount only to recover costs of issuance and administration; and

WHEREAS, The issuance of the Series 2016 Bonds will provide in excess of \$5,000,000 combined budget relief for the City in Fiscal Years 2016-17, 2017-18 and 2018-19 and in lesser amounts in subsequent years, there will be a reduction of the total principal and interest requirements over the remaining term of the Refunded Bonds, all as preliminarily more fully set forth in **Exhibit A** hereto which, by this reference thereto, is incorporated herein and made a part hereof; and

WHEREAS, a portion of the proceeds derived from the sale of the Series 2016 Bonds hereinafter authorized to be issued and a pro rata portion of the current year sinking fund accruals applicable to the Refunded Bonds will be deposited in trust, simultaneously with the issuance and delivery of the Series 2016 Bonds, with U.S. Bank National Association, Seattle, Washington as Escrow Agent (the “**Escrow Agent**”), in an amount sufficient to pay the cost of acquiring certain obligations of the United States of America or its agencies, which obligations will be held, supervised, maintained and administered by the Escrow Agent under an Escrow Deposit Agreement to be entered into by and between the Escrow Agent and the Authority and the City (the “**Escrow Deposit Agreement**”) and to pay certain expenses in connection with the refunding of the Refunded Bonds, and said obligations and the interest derived therefrom will be used and applied toward the cost of refunding the Refunded Bonds as aforesaid, all as hereinafter provided; and

WHEREAS, prior to the actual issuance and delivery of the Series 2016 Bonds, the Authority will enter into a contract with U.S. Bank National Association, Seattle, Washington, pursuant to which said Bank will agree to act as Trustee, Paying Agent and as Bond Registrar (the “**Trustee**” “**Paying Agent**” and/or “**Bond Registrar**”) for the Series 2016 Bonds and to perform various functions with respect to the Series 2016 Bonds, including, but not limited to, the authentication of the Series 2016 Bonds by the manual signature of a duly authorized signatory of the Bond Registrar, the registration, transfer, exchange and related mechanical and clerical functions, as well as the preparation, signing and issuance of checks or drafts in payment of the principal of and interest on the Series 2016 Bonds as same become due and payable; and

WHEREAS, it is proposed that the City should take all such additional actions, authorize the execution of such documents and certificates and authorize such other actions and proceedings as shall be necessary in connection with the sale and issuance of such refunding bonds and the refunding and defeasance of the Refunded Bonds; and

WHEREAS, the City Manager and any designee of such official is hereby designated as an Authorized Signatory (collectively “Authorized Signatories” and individually an “Authorized Signatory”); and

WHEREAS, there has been presented to this meeting of the Governing Body: (i) the

Preliminary Official Statement; (ii) the forms of the Site Lease, Facility Lease, Trust Indenture, Escrow Deposit Agreement and Continuing Disclosure Agreement (collectively, the “Financing Documents”; and (iii) the Bond Purchase Agreement (all as defined hereafter); and

WHEREAS, the City desires to authorize the issuance and sale of the Series 2016 Bonds and the execution of the foregoing documents;

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

Section 1. **Resolution.**

That this Resolution (the “**Resolution**”) is adopted pursuant to the provisions of the Authorizing Law and other applicable laws.

Section 2. **Notice of Redemption.**

U.S. Bank National Association, as Paying Agent and Bond Registrar for the Refunded Bonds, is hereby authorized and directed to call the Refunded Bonds for redemption on the Redemption Date. Not more than 60 days nor less than 30 days prior to the Redemption Date, notice of such redemption shall be mailed, by first class mail, to the owners of the Refunded Bonds to be redeemed at the addresses which appear on the bond registration book kept by U.S. Bank National Association, Seattle, Washington, as Bond Registrar for the Refunded Bonds. The notice of redemption shall be in substantially the form to be attached as an exhibit to the Escrow Deposit Agreement.

Section 3. **Authorization of Series 2016 Bonds.**

Under the authority of Mark Roos Local Bond Pooling Act of 1985 (being Article 4 of Chapter 3, Division 2, Title V of the California Government Code as amended) the Refunding Act (being Article 11, Chapter 3, Part 1, Division 2, Title 5 of the California Government Code), this Resolution and , there is hereby authorized to be issued by the authority, general obligation refunding bonds in the maximum original aggregate principal amount of \$30,000,000 for the purpose of providing funds to be applied toward the cost of refunding by redemption and payment the Refunded Bonds and to pay expenses necessary to accomplish the foregoing, and all of the covenants, agreements and provisions of this Resolution shall be for the equal and proportionate benefit and security of all owners of the Series 2016 Bonds.

Section 4. **Terms of Series 2016 Bonds.**

The Series 2016 Bonds shall be issued by the Authority in the maximum aggregate principal amount of \$30,000,000, with an interest rate not to exceed four and one half percent (4.5%), and a maximum annual debt service of \$2,900,000, all interest payable semiannually on March 1 and September 1 in each year (each such date an “**Interest Payment Date**”), commencing on March 1, 2017, and the principal shall mature on September 1 in the years and principal amounts as approved by the City Manager or as preliminarily more fully set forth in **Exhibit A** hereto which, by this reference thereto, is incorporated herein and made a part hereof:

Section 5. **Form of Series 2016 Bonds.**

The Series 2016 Bonds shall be in a form as approved and authorized by the Authority or the authority’s Authorized Signatory and the authentication and execution of the Series 2016 Bonds shall be conclusive of any such approval.

Section 6. **Procedure and Notice of Redemption.**

Notice designating the Series 2016 Bonds (or the portion of the principal amount of the Series 2016 Bonds in authorized denominations) to be acquired by redemption, as aforesaid, shall be mailed, postage prepaid, to all registered owners of Series 2016 Bonds to be redeemed in whole or in part at the addresses which appear upon the bond registration book at least 30 days prior to the redemption date; but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption or cause the interest to continue to accrue on the principal amount of the Series 2016 Bonds so designated for redemption after the redemption date. Upon partial redemption, the Series 2016 Bonds shall be surrendered in exchange for one or more new Series 2016 Bonds in authorized denominations for the unredeemed portion of the principal amount of the Series 2016 Bonds.

Section 7. **Tax Matters; Arbitrage.**

The Authority, on behalf of the City, hereby covenants and agrees that it will not, subsequent to the date of the issuance of the Series 2016 Bonds, intentionally use any portion of the proceeds of the Series 2016 Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as may be otherwise permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the “**Code**”) and the regulations promulgated thereunder, and that it will take such action to ensure that the Series 2016 Bonds do not constitute “arbitrage bonds” within the meaning of Section 148(a) of the Code or the regulations promulgated thereunder, including, but not limited to, complying with the requirements of Section 148(f) of the Code and the regulations promulgated thereunder and the payment of rebate, if any, required to be made, and that it will expend the proceeds of the Series 2016 Bonds in compliance with the applicable provisions of Sections 141 through 150 of the Code.

Section 8. **Non-Arbitrage Certificate.**

The City and the Authority’s Authorized Signatories are hereby authorized and directed to execute, for and on behalf of the City and the Authority, respectively, a certification, based upon facts, estimates and circumstances, as to the reasonable expectations regarding the amount, expenditure and use of the proceeds of the Series 2016 Bonds, as well as such other documents (including, without limitation, elections under Section 148 of the Code) as may be necessary or desirable in connection with the issuance and delivery of the Series 2016 Bonds.

Section 9. **Authorization of Preliminary Official Statement.**

The use of a Preliminary Official Statement with respect to the Series 2016 Bonds is hereby approved. The execution by the City Manager of the City of a certificate “deeming final” the Preliminary Official Statement prior to the date hereof is hereby authorized.

The Preliminary Official Statement, in the form submitted to this meeting and attached hereto as **Exhibit B**, shall be, and the same hereby is, approved in substantially said form with such changes, omissions, insertions and revisions therein as the City Manager or other Authorized Signatories, as representative of the Governing Body and Authority, respectively, may in the City Manager’s or the Board’s opinion determine to be required. The Governing Body deems the Preliminary Official Statement to be “final” as required by SEC Rule 15c2-12(b)(1). The Refinancing Actions of the City Manager and all other persons in connection with the preparation of the Preliminary Official Statement are hereby ratified and confirmed. The City Manager is hereby authorized and directed to distribute the Preliminary Official Statement to the Underwriter and to cause to be prepared and to execute and deliver a final Official Statement in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions from the Preliminary Official Statement as may be approved by such officer, said execution being conclusive evidence of such approval.

Section 10. **Authorization of Escrow Deposit Agreement.**

The City is hereby authorized to enter into the Escrow Deposit Agreement with the Escrow Agent on the date of the issuance and delivery of the Series 2016 Bonds, and the Escrow Deposit Agreement be and the same is hereby approved and the City Manager of the City be and is hereby authorized and directed to execute the Escrow Deposit Agreement for and on behalf of the City be and is hereby authorized and directed to attest same and impress thereon the official seal of the City Council.

Section 11. **Approval of Site Lease**

The City is hereby authorized to enter into a Site Lease pursuant to which the City will lease certain public facilities to the Authority (the “Site Lease”). The Site Lease shall be in substantially the form presented at this meeting and the execution, delivery and performance of the Site Lease by and between the Authority and the City are hereby authorized. The Site Lease shall be insubstantially the form presented at this meeting, subject to such changes, insertions or omissions as may be approved an Authorized Signatory and the execution of the Site Lease by an Authorized Signatory as hereby authorized shall be conclusive of any such approval.

Section 12. **Approval of the Facility Lease**

The City is hereby authorized to enter into a Facility Lease pursuant to which the Authority will lease certain public facilities to the City (the “Facility Lease”). The Facility Lease shall be in substantially the form presented at this meeting and the execution, delivery and performance of the

Facility Lease by and between the Authority and the City are hereby authorized. The Facility Lease shall be in substantially the form presented at this meeting, subject to such changes, insertions or omissions as may be approved an Authorized Signatory and the execution of the Facility Lease by an Authorized Signatory as hereby authorized shall be conclusive of any such approval.

Section 13. Approval of Trust Agreement.

In order to secure the payment of the principal of and interest on, the Series 2016 Bonds herein authorized, and in order to secure the performance and observation of all the agreements and conditions in the Series 2016 Bonds, the execution, delivery and performance of the Trust Agreement by and between the Authority and the Trustee, and acknowledged by the City, are hereby authorized. The Trust Agreement shall be insubstantially the form presented at this meeting, subject to such changes, insertions or omissions as may be approved by an Authorized Signatory of the Authority and the execution of the Indenture by an Authorized Signatory as hereby authorized shall be conclusive of any such approval.

Section 14. Approval of Disclosure Agreement.

The execution, delivery, and performance of the Disclosure Agreement between the City and the Dissemination Agent are hereby authorized. The Disclosure Agreement shall be in substantially the form presented at this meeting, subject to such changes, insertions or omissions as may be approved by City Manager and the execution of the Disclosure Agreement by the City Manager as hereby authorized shall be conclusive evidence of any such approval.

Section 15. Authorization of Bond Purchase Agreement.

The execution, delivery, and performance of the Bond Purchase Agreement among the City, the Authority and IFS Securities Inc., a copy of which has been presented to the City and the Authority at this meeting and considered by its members and which is on file and of record with the Secretary of the Authority, are hereby authorized. The Bond Purchase Agreement shall be in substantially the form presented at this meeting, subject to such changes, insertions or omissions as may be approved by the City Manager and the execution of the Bond Purchase Agreement by the City Manager or City Authorized Signatory as hereby authorized shall be conclusive evidence of any such approval.

Section 16. Verification Agent.

The City and the Authority with the advice of the Financial Advisor and Bond Counsel, is hereby authorized and directed to appoint a verification agent, if necessary (the "Verification Agent") in connection with the Bonds and the Refunded Bonds. The Verification Agent will verify the arithmetical accuracy of certain computations prepared by the Underwriter which show the present value difference between the debt service on the Bonds and the debt service on the Refunded Bonds.

Section 17. No Personal Liability.

No stipulation, obligation or agreement contained herein, in any Bond Documents or in any other documents related to the matters set forth herein shall be deemed to be a stipulation, obligation or agreement of any officer, director, agent or employee of the City in his individual capacity, and no such officer, director, agent or employee shall be personally liable on the Bonds, any Note or any other debt or obligations related to the refunding or be subject to personal liability or accountability by reason of the issuance thereof.

Section 18. Additional Actions.

Notwithstanding any other provisions of this Bond Resolution, it is the intent of the Governing Body that the Authorized Signatories, including the Chair and the Clerk, are hereby authorized to execute any and all documents, instruments and papers, and any and all acts and things as may be necessary or advisable in connection with the authorization, sale, preparation, execution, issuance and delivery of the Bonds.

Section 19. Actions Approved, Confirmed and Ratified.

All acts and doings of the Authority, officers and representatives of the Authority performed or to be performed, before, on or after the date of this Resolution and which are in conformity with the purposes and intents of this Resolution and in the furtherance of the issuance of the Bonds and the execution, delivery, and performance of Bond Documents shall be, and the same hereby are, in all respects approved, confirmed and ratified. Any and all documents and agreement executed in

connection with the issuance of the Bonds prior to the date of this Resolution, including, but not limited to, any Financing Documents, are hereby ratified and approved.

Section 20. Severability of Invalid Provisions.

If any one or more of the agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining agreements and provisions and shall in no way affect the validity of any of the other agreements and provisions hereof or of the Bonds, the Obligations or any other debt related to the Project authorized hereunder.

Section 21. Conflicts.

All orders, resolutions or proceedings of the City in conflict with the provisions of this Bond Resolution shall be and are hereby repealed, rescinded and set aside, but only to the extent of such conflict.

Section 22. Conclusion.

That copies of this Resolution shall be filed in the offices of the City Clerk, City Manager, City Attorney, City Treasurer and the City Controller and that the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

[Signatures on Following Page]

ADOPTED this _____ day of _____, 2016.

MAYOR OF THE CITY OF COMPTON

ATTEST:

CITY CLERK OF THE CITY OF COMPTON

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Alita Godwin, Clerk of the City of Compton, hereby certify that the foregoing Resolution was adopted by the City Clerk , signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the _____ day of _____, 2016.

That said Resolution was adopted by the following vote, to wit:

AYES: COUNCIL MEMBERS -
NOES: COUNCIL MEMBERS -
ABSENT: COUNCIL MEMBERS -
ABSTAIN: COUNCIL MEMBERS -

CITY CLERK OF THE CITY OF COMPTON

#18.

EXHIBIT A

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City of Compton, CA
Compton Proposed Refunding, Series 2016

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SOURCES AND USES OF FUNDS

City of Compton, CA
Compton Proposed Refunding, Series 2016

Dated Date 08/01/2016
Delivery Date 08/01/2016

Sources:

Bond Proceeds:	
Par Amount	28,845,000.00
Other Sources of Funds:	
City Contribution	8,500,000.00
Debt Service Reserve Fund	2,960,622.00
	<u>11,460,622.00</u>
	40,305,622.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	1,752,750.65
SLGS Purchases	35,266,025.00
	<u>37,018,775.65</u>
Other Fund Deposits:	
Debt Service Reserve Fund	2,662,187.50
Cost of Issuance:	
Other Cost of Issuance	288,450.00
Delivery Date Expenses:	
Underwriter's Discount	331,717.50
Other Uses of Funds:	
Additional Proceeds	4,491.35
	<u>40,305,622.00</u>

SUMMARY OF REFUNDING RESULTS

City of Compton, CA
Compton Proposed Refunding, Series 2016

Dated Date	08/01/2016
Delivery Date	08/01/2016
Arbitrage yield	3.576515%
Escrow yield	0.711497%
Value of Negative Arbitrage	1,876,916.41
Bond Par Amount	28,845,000.00
True Interest Cost	3.716702%
Net Interest Cost	3.703148%
All-In TIC	3.840377%
Average Coupon	3.589658%
Average Life	10.133
Par amount of refunded bonds	33,495,000.00
Average coupon of refunded bonds	5.075433%
Average life of refunded bonds	9.098
PV of prior debt to 08/01/2016 @ 3.576515%	37,923,738.16
Net PV Savings	284,795.01
Percentage savings of refunded bonds	0.850261%
Percentage savings of refunding bonds	0.987329%

SUMMARY OF BONDS REFUNDED

City of Compton, CA
Compton Proposed Refunding, Series 2016

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Compton Public Finance Authority Lease Revenue Bonds, 2008:					
SERIAL	09/01/2016	5.000%	1,710,000.00		
TERM	09/01/2022	5.000%	2,760,000.00		
	09/01/2022	5.000%	6,390,000.00	09/01/2018	100.000
TERM02	09/01/2027	5.250%	10,010,000.00	09/01/2018	100.000
TERM03	09/01/2032	5.000%	12,625,000.00	09/01/2018	100.000
			33,495,000.00		

PRIOR BOND DEBT SERVICE

City of Compton, CA
Compton Proposed Refunding, Series 2016

Dated Date 08/01/2016
Delivery Date 08/01/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
09/01/2016	1,710,000	5.000%	849,887.50	2,559,887.50	31,785,000	31,785,000
09/01/2017	1,345,000	5.000%	1,614,275.00	2,959,275.00	30,440,000	30,440,000
09/01/2018	1,415,000	5.000%	1,547,025.00	2,962,025.00	29,025,000	29,025,000
09/01/2019	1,485,000	5.000%	1,476,275.00	2,961,275.00	27,540,000	27,540,000
09/01/2020	1,555,000	5.000%	1,402,025.00	2,957,025.00	25,985,000	25,985,000
09/01/2021	1,635,000	5.000%	1,324,275.00	2,959,275.00	24,350,000	24,350,000
09/01/2022	1,715,000	5.000%	1,242,525.00	2,957,525.00	22,635,000	22,635,000
09/01/2023	1,800,000	5.250%	1,156,775.00	2,956,775.00	20,835,000	20,835,000
09/01/2024	1,900,000	5.250%	1,062,275.00	2,962,275.00	18,935,000	18,935,000
09/01/2025	2,000,000	5.250%	962,525.00	2,962,525.00	16,935,000	16,935,000
09/01/2026	2,100,000	5.250%	857,525.00	2,957,525.00	14,835,000	14,835,000
09/01/2027	2,210,000	5.250%	747,275.00	2,957,275.00	12,625,000	12,625,000
09/01/2028	2,330,000	5.000%	631,250.00	2,961,250.00	10,295,000	10,295,000
09/01/2029	2,445,000	5.000%	514,750.00	2,959,750.00	7,850,000	7,850,000
09/01/2030	2,570,000	5.000%	392,500.00	2,962,500.00	5,280,000	5,280,000
09/01/2031	2,700,000	5.000%	264,000.00	2,964,000.00	2,580,000	2,580,000
09/01/2032	2,580,000	5.000%	129,000.00	2,709,000.00		
	33,495,000		16,174,162.50	49,669,162.50		

ESCROW REQUIREMENTS

City of Compton, CA
Compton Proposed Refunding, Series 2016

Dated Date 08/01/2016
Delivery Date 08/01/2016

Period Ending	Principal	Interest	Principal Redeemed	Total
09/01/2016	1,710,000.00	849,887.50		2,559,887.50
09/01/2017	1,345,000.00	1,614,275.00		2,959,275.00
09/01/2018	1,415,000.00	1,547,025.00	29,025,000.00	31,987,025.00
	4,470,000.00	4,011,187.50	29,025,000.00	37,506,187.50

BOND SUMMARY STATISTICS

City of Compton, CA
Compton Proposed Refunding, Series 2016

Dated Date	08/01/2016
Delivery Date	08/01/2016
First Coupon	03/01/2017
Last Maturity	09/01/2032
Arbitrage Yield	3.576515%
True Interest Cost (TIC)	3.716702%
Net Interest Cost (NIC)	3.703148%
All-In TIC	3.840377%
Average Coupon	3.589658%
Average Life (years)	10.133
Weighted Average Maturity (years)	10.133
Duration of Issue (years)	8.388
Par Amount	28,845,000.00
Bond Proceeds	28,845,000.00
Total Interest	10,492,167.71
Net Interest	10,823,885.21
Total Debt Service	39,337,167.71
Maximum Annual Debt Service	2,662,187.50
Average Annual Debt Service	2,445,834.26
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	11.500000
Total Underwriter's Discount	11.500000
Bid Price	98.850000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Term Bond 2022	6,925,000.00	100.000	3.000%	4.621	3,808.75
Term Bond 2027	9,995,000.00	100.000	3.500%	9.152	9,095.45
Term Bond 2032	11,925,000.00	100.000	3.750%	14.157	14,310.00
	28,845,000.00			10.133	27,214.20

	TIC	All-In TIC	Arbitrage Yield
Par Value	28,845,000.00	28,845,000.00	28,845,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-331,717.50	-331,717.50	
- Cost of Issuance Expense		-288,450.00	
- Other Amounts			
Target Value	28,513,282.50	28,224,832.50	28,845,000.00
Target Date	08/01/2016	08/01/2016	08/01/2016
Yield	3.716702%	3.840377%	3.576515%

BOND PRICING

City of Compton, CA
Compton Proposed Refunding, Series 2016

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Term Bond 2022:	09/01/2022	6,925,000	3.000%	3.000%	100.000
Term Bond 2027:	09/01/2027	9,995,000	3.500%	3.500%	100.000
Term Bond 2032:	09/01/2032	11,925,000	3.750%	3.750%	100.000
		28,845,000			

Dated Date	08/01/2016	
Delivery Date	08/01/2016	
First Coupon	03/01/2017	
Par Amount	28,845,000.00	
Original Issue Discount		
Production	28,845,000.00	100.000000%
Underwriter's Discount	-331,717.50	-1.150000%
Purchase Price	28,513,282.50	98.850000%
Accrued Interest		
Net Proceeds	28,513,282.50	

BOND DEBT SERVICE

City of Compton, CA
Compton Proposed Refunding, Series 2016

Dated Date 08/01/2016
Delivery Date 08/01/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
09/01/2016					28,845,000	28,845,000
09/01/2017			1,088,492.71	1,088,492.71	28,845,000	28,845,000
09/01/2018			1,004,762.50	1,004,762.50	28,845,000	28,845,000
09/01/2019	1,655,000	3.000%	1,004,762.50	2,659,762.50	27,190,000	27,190,000
09/01/2020	1,705,000	3.000%	955,112.50	2,660,112.50	25,485,000	25,485,000
09/01/2021	1,755,000	3.000%	903,962.50	2,658,962.50	23,730,000	23,730,000
09/01/2022	1,810,000	3.000%	851,312.50	2,661,312.50	21,920,000	21,920,000
09/01/2023	1,865,000	3.500%	797,012.50	2,662,012.50	20,055,000	20,055,000
09/01/2024	1,930,000	3.500%	731,737.50	2,661,737.50	18,125,000	18,125,000
09/01/2025	1,995,000	3.500%	664,187.50	2,659,187.50	16,130,000	16,130,000
09/01/2026	2,065,000	3.500%	594,362.50	2,659,362.50	14,065,000	14,065,000
09/01/2027	2,140,000	3.500%	522,087.50	2,662,087.50	11,925,000	11,925,000
09/01/2028	2,215,000	3.750%	447,187.50	2,662,187.50	9,710,000	9,710,000
09/01/2029	2,295,000	3.750%	364,125.00	2,659,125.00	7,415,000	7,415,000
09/01/2030	2,380,000	3.750%	278,062.50	2,658,062.50	5,035,000	5,035,000
09/01/2031	2,470,000	3.750%	188,812.50	2,658,812.50	2,565,000	2,565,000
09/01/2032	2,565,000	3.750%	96,187.50	2,661,187.50		
	28,845,000		10,492,167.71	39,337,167.71		

 ESCROW DESCRIPTIONS

 City of Compton, CA
 Compton Proposed Refunding, Series 2016

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate	Total Cost
Aug 1, 2016:							
SLGS	Certificate	09/01/2016	09/01/2016	786,849	0.190%	0.190%	786,849.00
SLGS	Certificate	03/01/2017	03/01/2017	685,720	0.440%	0.440%	685,720.00
SLGS	Note	09/01/2017	09/01/2016	2,032,473	0.550%	0.550%	2,032,473.00
SLGS	Note	03/01/2018	09/01/2016	659,437	0.640%	0.640%	659,437.00
SLGS	Note	09/01/2018	09/01/2016	31,101,546	0.720%	0.720%	31,101,546.00
				35,266,025			35,266,025.00

SLGS Summary

SLGS Rates File	13JUN16
Total Certificates of Indebtedness	1,472,569.00
Total Notes	33,793,456.00
Total original SLGS	35,266,025.00

ESCROW CASH FLOW

City of Compton, CA
Compton Proposed Refunding, Series 2016

Date	Principal	Interest	Net Escrow Receipts
09/01/2016	786,849.00	20,287.93	807,136.93
03/01/2017	685,720.00	121,417.51	807,137.51
09/01/2017	2,032,473.00	119,665.07	2,152,138.07
03/01/2018	659,437.00	114,075.77	773,512.77
09/01/2018	31,101,546.00	111,965.57	31,213,511.57
	35,266,025.00	487,411.85	35,753,436.85

Escrow Cost Summary

Purchase date	08/01/2016
Purchase cost of securities	35,266,025.00

ESCROW SUFFICIENCY

City of Compton, CA
Compton Proposed Refunding, Series 2016

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
08/01/2016		1,752,750.65	1,752,750.65	1,752,750.65
09/01/2016	2,559,887.50	807,136.93	-1,752,750.57	0.08
03/01/2017	807,137.50	807,137.51	0.01	0.09
09/01/2017	2,152,137.50	2,152,138.07	0.57	0.66
03/01/2018	773,512.50	773,512.77	0.27	0.93
09/01/2018	31,213,512.50	31,213,511.57	-0.93	
	37,506,187.50	37,506,187.50	0.00	

ESCROW STATISTICS

City of Compton, CA
Compton Proposed Refunding, Series 2016

Escrow	Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Prior Bonds 2008N (PRIOR):								
DSRF	2,960,622.00	1.925	569.89	0.711496%	0.711496%	2,803,052.76	157,569.24	
BP	32,305,403.65	1.925	6,218.48	0.711497%	0.711497%	30,586,056.45	1,719,347.17	0.03
Current Refunding (CURR):								
	1,752,750.00					1,747,579.85		5,170.15
	37,018,775.65		6,788.37			35,136,689.06	1,876,916.41	5,170.18

Delivery date 08/01/2016
Arbitrage yield 3.576515%
Composite Modified Duration 1.925

UNREFUNDED BOND DEBT SERVICE

City of Compton, CA
Compton Proposed Refunding, Series 2016

Dated Date 08/01/2016
Delivery Date 08/01/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
09/01/2016			269,431.25	269,431.25	10,610,000	10,610,000
09/01/2017	450,000	5.000%	538,862.50	988,862.50	10,160,000	10,160,000
09/01/2018	470,000	5.000%	516,362.50	986,362.50	9,690,000	9,690,000
09/01/2019	495,000	5.000%	492,862.50	987,862.50	9,195,000	9,195,000
09/01/2020	520,000	5.000%	468,112.50	988,112.50	8,675,000	8,675,000
09/01/2021	545,000	5.000%	442,112.50	987,112.50	8,130,000	8,130,000
09/01/2022	575,000	5.000%	414,862.50	989,862.50	7,555,000	7,555,000
09/01/2023	605,000	5.250%	386,112.50	991,112.50	6,950,000	6,950,000
09/01/2024	630,000	5.250%	354,350.00	984,350.00	6,320,000	6,320,000
09/01/2025	665,000	5.250%	321,275.00	986,275.00	5,655,000	5,655,000
09/01/2026	705,000	5.250%	286,362.50	991,362.50	4,950,000	4,950,000
09/01/2027	740,000	5.250%	249,350.00	989,350.00	4,210,000	4,210,000
09/01/2028	775,000	5.000%	210,500.00	985,500.00	3,435,000	3,435,000
09/01/2029	815,000	5.000%	171,750.00	986,750.00	2,620,000	2,620,000
09/01/2030	855,000	5.000%	131,000.00	986,000.00	1,765,000	1,765,000
09/01/2031	895,000	5.000%	88,250.00	983,250.00	870,000	870,000
09/01/2032	870,000	5.000%	43,500.00	913,500.00		
	10,610,000		5,385,056.25	15,995,056.25		

UNREFUNDED BOND DEBT SERVICE

City of Compton, CA
Compton Proposed Refunding, Series 2016

Dated Date 08/01/2016
Delivery Date 08/01/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
08/01/2016						10,610,000	10,610,000
09/01/2016			269,431.25	269,431.25	269,431.25	10,610,000	10,610,000
03/01/2017			269,431.25	269,431.25		10,610,000	10,610,000
09/01/2017	450,000	5.000%	269,431.25	719,431.25	988,862.50	10,160,000	10,160,000
03/01/2018			258,181.25	258,181.25		10,160,000	10,160,000
09/01/2018	470,000	5.000%	258,181.25	728,181.25	986,362.50	9,690,000	9,690,000
03/01/2019			246,431.25	246,431.25		9,690,000	9,690,000
09/01/2019	495,000	5.000%	246,431.25	741,431.25	987,862.50	9,195,000	9,195,000
03/01/2020			234,056.25	234,056.25		9,195,000	9,195,000
09/01/2020	520,000	5.000%	234,056.25	754,056.25	988,112.50	8,675,000	8,675,000
03/01/2021			221,056.25	221,056.25		8,675,000	8,675,000
09/01/2021	545,000	5.000%	221,056.25	766,056.25	987,112.50	8,130,000	8,130,000
03/01/2022			207,431.25	207,431.25		8,130,000	8,130,000
09/01/2022	575,000	5.000%	207,431.25	782,431.25	989,862.50	7,555,000	7,555,000
03/01/2023			193,056.25	193,056.25		7,555,000	7,555,000
09/01/2023	605,000	5.250%	193,056.25	798,056.25	991,112.50	6,950,000	6,950,000
03/01/2024			177,175.00	177,175.00		6,950,000	6,950,000
09/01/2024	630,000	5.250%	177,175.00	807,175.00	984,350.00	6,320,000	6,320,000
03/01/2025			160,637.50	160,637.50		6,320,000	6,320,000
09/01/2025	665,000	5.250%	160,637.50	825,637.50	986,275.00	5,655,000	5,655,000
03/01/2026			143,181.25	143,181.25		5,655,000	5,655,000
09/01/2026	705,000	5.250%	143,181.25	848,181.25	991,362.50	4,950,000	4,950,000
03/01/2027			124,675.00	124,675.00		4,950,000	4,950,000
09/01/2027	740,000	5.250%	124,675.00	864,675.00	989,350.00	4,210,000	4,210,000
03/01/2028			105,250.00	105,250.00		4,210,000	4,210,000
09/01/2028	775,000	5.000%	105,250.00	880,250.00	985,500.00	3,435,000	3,435,000
03/01/2029			85,875.00	85,875.00		3,435,000	3,435,000
09/01/2029	815,000	5.000%	85,875.00	900,875.00	986,750.00	2,620,000	2,620,000
03/01/2030			65,500.00	65,500.00		2,620,000	2,620,000
09/01/2030	855,000	5.000%	65,500.00	920,500.00	986,000.00	1,765,000	1,765,000
03/01/2031			44,125.00	44,125.00		1,765,000	1,765,000
09/01/2031	895,000	5.000%	44,125.00	939,125.00	983,250.00	870,000	870,000
03/01/2032			21,750.00	21,750.00		870,000	870,000
09/01/2032	870,000	5.000%	21,750.00	891,750.00	913,500.00		
	10,610,000		5,385,056.25	15,995,056.25	15,995,056.25		

ESCROW COST

City of Compton, CA
Compton Proposed Refunding, Series 2016

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	09/01/2016	786,849	0.190%	786,849.00
SLGS	03/01/2017	685,720	0.440%	685,720.00
SLGS	09/01/2017	2,032,473	0.550%	2,032,473.00
SLGS	03/01/2018	659,437	0.640%	659,437.00
SLGS	09/01/2018	31,101,546	0.720%	31,101,546.00
		35,266,025		35,266,025.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
08/01/2016	35,266,025	1,752,750.65	37,018,775.65
	35,266,025	1,752,750.65	37,018,775.65

SAVINGS

City of Compton, CA
Compton Proposed Refunding, Series 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 08/01/2016 @ 3.5765150%
09/01/2016	2,559,887.50		2,559,887.50	2,552,336.51
09/01/2017	2,959,275.00	1,088,492.71	1,870,782.29	1,804,103.86
09/01/2018	2,962,025.00	1,004,762.50	1,957,262.50	1,822,426.04
09/01/2019	2,961,275.00	2,659,762.50	301,512.50	274,073.34
09/01/2020	2,957,025.00	2,660,112.50	296,912.50	260,357.46
09/01/2021	2,959,275.00	2,658,962.50	300,312.50	253,930.42
09/01/2022	2,957,525.00	2,661,312.50	296,212.50	241,572.10
09/01/2023	2,956,775.00	2,662,012.50	294,762.50	231,811.80
09/01/2024	2,962,275.00	2,661,737.50	300,537.50	227,878.19
09/01/2025	2,962,525.00	2,659,187.50	303,337.50	221,762.12
09/01/2026	2,957,525.00	2,659,362.50	298,162.50	210,198.86
09/01/2027	2,957,275.00	2,662,087.50	295,187.50	200,640.37
09/01/2028	2,961,250.00	2,662,187.50	299,062.50	195,937.74
09/01/2029	2,959,750.00	2,659,125.00	300,625.00	189,908.21
09/01/2030	2,962,500.00	2,658,062.50	304,437.50	185,411.81
09/01/2031	2,964,000.00	2,658,812.50	305,187.50	179,188.04
09/01/2032	2,709,000.00	2,661,187.50	47,812.50	27,201.29
	49,669,162.50	39,337,167.71	10,331,994.79	9,078,738.16

Savings Summary

Dated Date	08/01/2016
Delivery Date	08/01/2016
PV of savings from cash flow	9,078,738.16
Less: Prior funds on hand	-11,460,622.00
Plus: Refunding funds on hand	2,666,678.85
Net PV Savings	284,795.01

SAVINGS

City of Compton, CA
Compton Proposed Refunding, Series 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 08/01/2016 @ 3.5765150%
09/01/2016	2,559,887.50		2,559,887.50	2,559,887.50	2,552,336.51
03/01/2017	807,137.50	586,111.46	221,026.04		216,502.45
09/01/2017	2,152,137.50	502,381.25	1,649,756.25	1,870,782.29	1,587,601.41
03/01/2018	773,512.50	502,381.25	271,131.25		256,332.45
09/01/2018	2,188,512.50	502,381.25	1,686,131.25	1,957,262.50	1,566,093.59
03/01/2019	738,137.50	502,381.25	235,756.25		215,125.49
09/01/2019	2,223,137.50	2,157,381.25	65,756.25	301,512.50	58,947.86
03/01/2020	701,012.50	477,556.25	223,456.25		196,800.32
09/01/2020	2,256,012.50	2,182,556.25	73,456.25	296,912.50	63,557.14
03/01/2021	662,137.50	451,981.25	210,156.25		178,640.63
09/01/2021	2,297,137.50	2,206,981.25	90,156.25	300,312.50	75,289.79
03/01/2022	621,262.50	425,656.25	195,606.25		160,481.62
09/01/2022	2,336,262.50	2,235,656.25	100,606.25	296,212.50	81,090.48
03/01/2023	578,387.50	398,506.25	179,881.25		142,440.38
09/01/2023	2,378,387.50	2,263,506.25	114,881.25	294,762.50	89,371.43
03/01/2024	531,137.50	365,868.75	165,268.75		126,311.41
09/01/2024	2,431,137.50	2,295,868.75	135,268.75	300,537.50	101,566.77
03/01/2025	481,262.50	332,093.75	149,168.75		110,035.89
09/01/2025	2,481,262.50	2,327,093.75	154,168.75	303,337.50	111,726.24
03/01/2026	428,762.50	297,181.25	131,581.25		93,681.78
09/01/2026	2,528,762.50	2,362,181.25	166,581.25	298,162.50	116,517.07
03/01/2027	373,637.50	261,043.75	112,593.75		77,371.33
09/01/2027	2,583,637.50	2,401,043.75	182,593.75	295,187.50	123,269.04
03/01/2028	315,625.00	223,593.75	92,031.25		61,038.76
09/01/2028	2,645,625.00	2,438,593.75	207,031.25	299,062.50	134,898.97
03/01/2029	257,375.00	182,062.50	75,312.50		48,210.55
09/01/2029	2,702,375.00	2,477,062.50	225,312.50	300,625.00	141,697.66
03/01/2030	196,250.00	139,031.25	57,218.75		35,352.33
09/01/2030	2,766,250.00	2,519,031.25	247,218.75	304,437.50	150,059.48
03/01/2031	132,000.00	94,406.25	37,593.75		22,418.16
09/01/2031	2,832,000.00	2,564,406.25	267,593.75	305,187.50	156,769.88
03/01/2032	64,500.00	48,093.75	16,406.25		9,442.75
09/01/2032	2,644,500.00	2,613,093.75	31,406.25	47,812.50	17,758.55
	49,669,162.50	39,337,167.71	10,331,994.79	10,331,994.79	9,078,738.16

Savings Summary

Dated Date	08/01/2016
Delivery Date	08/01/2016
PV of savings from cash flow	9,078,738.16
Less: Prior funds on hand	-11,460,622.00
Plus: Refunding funds on hand	2,666,678.85
Net PV Savings	284,795.01

BOND DEBT SERVICE

City of Compton, CA
Compton Proposed Refunding, Series 2016

Dated Date 08/01/2016
Delivery Date 08/01/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
08/01/2016						28,845,000	28,845,000
03/01/2017			586,111.46	586,111.46		28,845,000	28,845,000
09/01/2017			502,381.25	502,381.25	1,088,492.71	28,845,000	28,845,000
03/01/2018			502,381.25	502,381.25		28,845,000	28,845,000
09/01/2018			502,381.25	502,381.25	1,004,762.50	28,845,000	28,845,000
03/01/2019			502,381.25	502,381.25		28,845,000	28,845,000
09/01/2019	1,655,000	3.000%	502,381.25	2,157,381.25	2,659,762.50	27,190,000	27,190,000
03/01/2020			477,556.25	477,556.25		27,190,000	27,190,000
09/01/2020	1,705,000	3.000%	477,556.25	2,182,556.25	2,660,112.50	25,485,000	25,485,000
03/01/2021			451,981.25	451,981.25		25,485,000	25,485,000
09/01/2021	1,755,000	3.000%	451,981.25	2,206,981.25	2,658,962.50	23,730,000	23,730,000
03/01/2022			425,656.25	425,656.25		23,730,000	23,730,000
09/01/2022	1,810,000	3.000%	425,656.25	2,235,656.25	2,661,312.50	21,920,000	21,920,000
03/01/2023			398,506.25	398,506.25		21,920,000	21,920,000
09/01/2023	1,865,000	3.500%	398,506.25	2,263,506.25	2,662,012.50	20,055,000	20,055,000
03/01/2024			365,868.75	365,868.75		20,055,000	20,055,000
09/01/2024	1,930,000	3.500%	365,868.75	2,295,868.75	2,661,737.50	18,125,000	18,125,000
03/01/2025			332,093.75	332,093.75		18,125,000	18,125,000
09/01/2025	1,995,000	3.500%	332,093.75	2,327,093.75	2,659,187.50	16,130,000	16,130,000
03/01/2026			297,181.25	297,181.25		16,130,000	16,130,000
09/01/2026	2,065,000	3.500%	297,181.25	2,362,181.25	2,659,362.50	14,065,000	14,065,000
03/01/2027			261,043.75	261,043.75		14,065,000	14,065,000
09/01/2027	2,140,000	3.500%	261,043.75	2,401,043.75	2,662,087.50	11,925,000	11,925,000
03/01/2028			223,593.75	223,593.75		11,925,000	11,925,000
09/01/2028	2,215,000	3.750%	223,593.75	2,438,593.75	2,662,187.50	9,710,000	9,710,000
03/01/2029			182,062.50	182,062.50		9,710,000	9,710,000
09/01/2029	2,295,000	3.750%	182,062.50	2,477,062.50	2,659,125.00	7,415,000	7,415,000
03/01/2030			139,031.25	139,031.25		7,415,000	7,415,000
09/01/2030	2,380,000	3.750%	139,031.25	2,519,031.25	2,658,062.50	5,035,000	5,035,000
03/01/2031			94,406.25	94,406.25		5,035,000	5,035,000
09/01/2031	2,470,000	3.750%	94,406.25	2,564,406.25	2,658,812.50	2,565,000	2,565,000
03/01/2032			48,093.75	48,093.75		2,565,000	2,565,000
09/01/2032	2,565,000	3.750%	48,093.75	2,613,093.75	2,661,187.50		
	28,845,000		10,492,167.71	39,337,167.71	39,337,167.71		

NET DEBT SERVICE

City of Compton, CA
Compton Proposed Refunding, Series 2016

Date	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
03/01/2017	586,111.46		586,111.46
09/01/2017	502,381.25		502,381.25
03/01/2018	502,381.25		502,381.25
09/01/2018	502,381.25		502,381.25
03/01/2019	502,381.25		502,381.25
09/01/2019	2,157,381.25		2,157,381.25
03/01/2020	477,556.25		477,556.25
09/01/2020	2,182,556.25		2,182,556.25
03/01/2021	451,981.25		451,981.25
09/01/2021	2,206,981.25		2,206,981.25
03/01/2022	425,656.25		425,656.25
09/01/2022	2,235,656.25		2,235,656.25
03/01/2023	398,506.25		398,506.25
09/01/2023	2,263,506.25		2,263,506.25
03/01/2024	365,868.75		365,868.75
09/01/2024	2,295,868.75		2,295,868.75
03/01/2025	332,093.75		332,093.75
09/01/2025	2,327,093.75		2,327,093.75
03/01/2026	297,181.25		297,181.25
09/01/2026	2,362,181.25		2,362,181.25
03/01/2027	261,043.75		261,043.75
09/01/2027	2,401,043.75		2,401,043.75
03/01/2028	223,593.75		223,593.75
09/01/2028	2,438,593.75		2,438,593.75
03/01/2029	182,062.50		182,062.50
09/01/2029	2,477,062.50		2,477,062.50
03/01/2030	139,031.25		139,031.25
09/01/2030	2,519,031.25		2,519,031.25
03/01/2031	94,406.25		94,406.25
09/01/2031	2,564,406.25		2,564,406.25
03/01/2032	48,093.75		48,093.75
09/01/2032	2,613,093.75	2,662,187.50	-49,093.75
	39,337,167.71	2,662,187.50	36,674,980.21

NET DEBT SERVICE

City of Compton, CA
Compton Proposed Refunding, Series 2016

Period Ending	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
09/01/2017	1,088,492.71		1,088,492.71
09/01/2018	1,004,762.50		1,004,762.50
09/01/2019	2,659,762.50		2,659,762.50
09/01/2020	2,660,112.50		2,660,112.50
09/01/2021	2,658,962.50		2,658,962.50
09/01/2022	2,661,312.50		2,661,312.50
09/01/2023	2,662,012.50		2,662,012.50
09/01/2024	2,661,737.50		2,661,737.50
09/01/2025	2,659,187.50		2,659,187.50
09/01/2026	2,659,362.50		2,659,362.50
09/01/2027	2,662,087.50		2,662,087.50
09/01/2028	2,662,187.50		2,662,187.50
09/01/2029	2,659,125.00		2,659,125.00
09/01/2030	2,658,062.50		2,658,062.50
09/01/2031	2,658,812.50		2,658,812.50
09/01/2032	2,661,187.50	2,662,187.50	-1,000.00
	39,337,167.71	2,662,187.50	36,674,980.21

BOND DEBT SERVICE

City of Compton, CA
Compton Proposed Refunding, Series 2016

Dated Date 08/01/2016
Delivery Date 08/01/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
08/01/2016						28,845,000	28,845,000
03/01/2017			586,111.46	586,111.46		28,845,000	28,845,000
09/01/2017			502,381.25	502,381.25	1,088,492.71	28,845,000	28,845,000
03/01/2018			502,381.25	502,381.25		28,845,000	28,845,000
09/01/2018			502,381.25	502,381.25	1,004,762.50	28,845,000	28,845,000
03/01/2019			502,381.25	502,381.25		28,845,000	28,845,000
09/01/2019	1,655,000	3.000%	502,381.25	2,157,381.25	2,659,762.50	27,190,000	27,190,000
03/01/2020			477,556.25	477,556.25		27,190,000	27,190,000
09/01/2020	1,705,000	3.000%	477,556.25	2,182,556.25	2,660,112.50	25,485,000	25,485,000
03/01/2021			451,981.25	451,981.25		25,485,000	25,485,000
09/01/2021	1,755,000	3.000%	451,981.25	2,206,981.25	2,658,962.50	23,730,000	23,730,000
03/01/2022			425,656.25	425,656.25		23,730,000	23,730,000
09/01/2022	1,810,000	3.000%	425,656.25	2,235,656.25	2,661,312.50	21,920,000	21,920,000
03/01/2023			398,506.25	398,506.25		21,920,000	21,920,000
09/01/2023	1,865,000	3.500%	398,506.25	2,263,506.25	2,662,012.50	20,055,000	20,055,000
03/01/2024			365,868.75	365,868.75		20,055,000	20,055,000
09/01/2024	1,930,000	3.500%	365,868.75	2,295,868.75	2,661,737.50	18,125,000	18,125,000
03/01/2025			332,093.75	332,093.75		18,125,000	18,125,000
09/01/2025	1,995,000	3.500%	332,093.75	2,327,093.75	2,659,187.50	16,130,000	16,130,000
03/01/2026			297,181.25	297,181.25		16,130,000	16,130,000
09/01/2026	2,065,000	3.500%	297,181.25	2,362,181.25	2,659,362.50	14,065,000	14,065,000
03/01/2027			261,043.75	261,043.75		14,065,000	14,065,000
09/01/2027	2,140,000	3.500%	261,043.75	2,401,043.75	2,662,087.50	11,925,000	11,925,000
03/01/2028			223,593.75	223,593.75		11,925,000	11,925,000
09/01/2028	2,215,000	3.750%	223,593.75	2,438,593.75	2,662,187.50	9,710,000	9,710,000
03/01/2029			182,062.50	182,062.50		9,710,000	9,710,000
09/01/2029	2,295,000	3.750%	182,062.50	2,477,062.50	2,659,125.00	7,415,000	7,415,000
03/01/2030			139,031.25	139,031.25		7,415,000	7,415,000
09/01/2030	2,380,000	3.750%	139,031.25	2,519,031.25	2,658,062.50	5,035,000	5,035,000
03/01/2031			94,406.25	94,406.25		5,035,000	5,035,000
09/01/2031	2,470,000	3.750%	94,406.25	2,564,406.25	2,658,812.50	2,565,000	2,565,000
03/01/2032			48,093.75	48,093.75		2,565,000	2,565,000
09/01/2032	2,565,000	3.750%	48,093.75	2,613,093.75	2,661,187.50		
	28,845,000		10,492,167.71	39,337,167.71	39,337,167.71		

NEW ISSUE - BOOR ENTRY ONLY

RATINGS: S&P (underlying): “___”
S&P (insured): “___”
See “RATINGS” herein.

In the opinion of Butler Snow LLP, Bond Counsel to the Authority, based upon existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of the interest on, the Bonds. See “TAX MATTERS” herein.

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COMPTON PUBLIC FINANCE AUTHORITY
Lease Revenue Refunding Bonds
Series 2016

Dated: Date of Delivery**Due: September 1, as shown on inside cover**

The Compton Public Finance Authority Lease Revenue Refunding Bonds, Series 2016 (the “Bonds”) are being issued to (i) to refund and defease a portion of the Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Capital Projects) Series 2008 bonds (the “Prior Bonds”) and (ii) pay certain costs associated with the issuance of the Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Interest on the Bonds will be payable from their date of issuance on March 1 and September 1 of each year, commencing March 1, 2017.

The Bonds will be initially delivered in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Principal of, redemption premium, if any, and interest on the Bonds will be paid by US Bank National Association, as trustee (the “Trustee”), to DTC. DTC is obligated to remit such principal and interest to its DTC Participants for disbursement to the beneficial owners of the Bonds. See APPENDIX F - “DTC AND THE BOOK-ENTRY ONLY SYSTEM.” **The Bonds are subject to optional, extraordinary and mandatory redemption as described herein.**

The Bonds are being issued pursuant to a Trust Agreement, dated as of August 1, 2016, by and between the Compton Public Finance Authority (the “Authority”) and the Trustee and approved by the City.

The Bonds are limited obligations of the Authority payable solely from certain revenues of the Authority, consisting primarily of Base Rental Payments (as defined herein) to be made by the City to the Authority pursuant to a Facility Lease, dated as of August 1, 2016 (the “Facility Lease”), between the Authority and the City. Pursuant to the Facility Lease, the City will lease the Facilities (defined herein) from the Authority. The City has covenanted in the Facility Lease to take such action as may be necessary to include Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. The City agrees in the Facility Lease to make all Base Rental Payments, subject to abatement in the event of damage to or destruction or condemnation of all or a portion of the Facilities which results in substantial interference with the City’s use and occupancy of the Facilities, except as otherwise described herein.

[Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by _____ simultaneously with the delivery of the Bonds. See “FINANCIAL GUARANTY INSURANCE” and APPENDIX G - “SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY.”]

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES AND ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE OR LIEN UPON, ANY PROPERTY OF THE AUTHORITY OR THE CITY OR ANY OF THEIR INCOME OR RECEIPTS, EXCEPT THE REVENUES (AS DESCRIBED HEREIN). NEITHER THE FULL FAITH NOR THE CREDIT OF THE AUTHORITY OR THE CITY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS NOR THE OBLIGATION TO MAKE BASE RENTAL PAYMENTS UNDER THE FACILITY LEASE CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE AUTHORITY OR THE CITY FOR WHICH EITHER ENTITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH EITHER ENTITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION THE AUTHORITY HAS NO TAXING POWER.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY AND IS NOT A SUMMARY OF THE TRANSACTION. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Notes are offered when, as and if executed and delivered by the City and received by the Purchaser, subject to the approval as to their legality by Butler Snow LLP Atlanta, Georgia, Note Counsel to the City. Certain other legal matters will be passed upon for the City by the City Attorney, and by the City’s Disclosure Counsel, Butler Snow LLP, Atlanta, Georgia and for the underwriter by its counsel Ballard Spahr LLP, Philadelphia, Pennsylvania. Comer Capital Group, LLC, Jackson, Mississippi, is serving as Financial Advisor for the City. It is expected that the Notes will be available through the facilities of DTC in New York, New York for delivery on or about July 7, 2016.

Dated _____, 2016

MATURITY SCHEDULE

\$ _____*
Compton Public Finance Authority
Lease Revenue Refunding Bonds
Series 2016

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	CUSIP No. (_____)1

* Preliminary, subject to change

1. Copyright 2015, CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP data herein are provided by CUSIP Global Services. The CUSIP numbers listed are being provided solely for the convenience of the holders only at the time of issuance of the Bonds, and neither the Authority nor the underwriter makes any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesperson or other person has been authorized by the City or the Authority to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. No representation is made that any past experience, as shown by any financial or other information herein, will necessarily continue or be repeated in the future. The information set forth in this Official Statement has been obtained from official sources and other sources, which are believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by the City.

The information set forth herein has been obtained from the City or the Authority and from other sources and is believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale made in connection hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority since the date hereof. This Official Statement is submitted in connection with the original issuance and the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City and the Authority. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. All capitalized terms used herein, unless noted otherwise, shall have the meanings prescribed in the Trust Agreement and the Facility Lease. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more nationally recognized municipal securities information repositories.

Any statement made in this Official Statement involving any forecast or matter of estimates or opinion, whether or not expressly stated, is intended solely as such and not as a representation of fact. Certain statements included or incorporated by reference in this Official Statement constitute “forward looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended (the “Securities Act”). Such forward-looking statements are generally identified by use of the words “plan,” “project,” “expect,” “estimate,” “budget” or other similar words. Such forward looking statements refer to the achievement of certain results or other expectations or performance which involve known and unknown risks, uncertainties and other factors. These risks, uncertainties and other factors may cause actual results, performance or achievements to be materially different from any projected results, performance or achievements described or implied by such forward looking statements. Neither the City nor the Authority plan to issue updates or revisions to such forward looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur, or if actual results, performance or achievements are materially different from any results, performance or achievements described or implied by such forward looking statements. Readers are cautioned not to place undue reliance on forward looking statements because actual results may differ materially from those expressed in, or implied by, the statements. Any forward-looking statement made in this Limited Offering Memorandum speaks only as of the date of such statements, and the City undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise looking statements.

The Bonds have not been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. The registration or qualification of the Bonds in accordance with applicable provisions of Securities Laws of the states in which these Bonds have been registered or qualified, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof. Neither these states nor any of the agencies have passed upon the merits of the securities or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

#18.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, then responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy of completeness of such information.

In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and banks at prices lower than the initial public offering prices stated on the inside cover page and such public offering prices may be changed from time to time by the Underwriter.

The Authority has appointed [U.S. Bank National Association] a national banking association organized under the laws of the United States, to serve as Trustee. The obligations of the Trustee are described in the Trust Agreement. The Trustee has undertaken only those duties and obligations that are expressly set forth in the Trust Agreement. The Trustee has not independently passed upon the validity of the Bonds, the security of the payment therefor, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or state income tax purposes of the interest on the Bonds, or any other matter with respect to the issuance of the Bonds. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and has assumed no responsibility for the nature, content, accuracy, or completeness of the information included in this Official Statement.

CITY OF COMPTON

County of Los Angeles, California

MAYOR AND CITY COUNCIL

Aja Brown, Mayor

Janna Zurita (District 1)

Isaac Galvan (District 2)

Yvonne Arceneaux (District 3)

Emma Sharif (District 4)

CITY STAFF

Roger L. Haley, City Manager

Craig J. Cornwell, City Attorney

Alita Godwin, CMC, City Clerk

Douglas Sanders, City Treasurer

Robert S. Torrez, Interim City Controller

BOND AND DISCLOSURE COUNSEL

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Atlanta, Georgia

TRUSTEE

U.S. BANK NATIONAL ASSOCIATION

Seattle, Washington

FINANCIAL ADVISOR

COMER CAPITAL GROUP, LLC

Jackson, Mississippi

UNDERWRITER

IFS SECURITIES, INC.

Atlanta, Georgia

UNDERWRITERS COUNSEL

BALLARD SPAHR LLP

Philadelphia, Pennsylvania

Verification Agent

[Barthe & Wahrman, PA]

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§ _____¹

**Compton Public Finance Authority
Lease Revenue Refunding Bonds
Series 2016**

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Notes being offered and a brief description of this Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to and summaries of provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

General; Purpose

This Official Statement (which includes the cover page and Appendices hereto) (the “Official Statement”) provides certain information concerning the issuance of \$_____ principal amount of Compton Public Finance Authority Lease Revenue Refunding Bonds, Series 2016 (the “Bonds”) by the Compton Public Finance Authority (the “Authority”). The Bonds are limited obligations of the Authority payable solely from Revenues (as hereinafter defined), consisting primarily of certain base rental payments (the “Base Rental Payments”) to be made by the City of Compton (the “City”) for the Facilities (as defined herein) pursuant to the Facility Lease (as defined herein). The City leases the Facilities to the Authority pursuant to a Site Lease, dated as of August 1, (the “Site Lease”). The Facilities are then leased by the Authority to the City pursuant to a Facility Lease, dated as of August 1, 2016 (the “Facility Lease”), between the City, as lessee, and the Authority, as lessor. All real property leased by the City from the Authority under the Facility Lease in connection with the Facilities is herein referred to as the “Demised Premises.”

The proceeds of the Bonds will be applied to (i) to refund and defease a portion of the Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Capital Projects) Series 2008 bonds (the “Prior Bonds”) and (ii) pay certain costs associated with the issuance of the Bonds.

Authority for Issuance

The Bonds will be issued pursuant to the Constitution and the laws of the State of California (the “State”), including the Joint Exercise of Powers Act (being Articles 1 through 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State), resolutions adopted by the Authority and the City and a Trust Agreement, dated as of August 1, 2016 (the “Trust Agreement”) between the Authority and [U.S Bank National Association], (the “Trustee”) and acknowledged by the City.

The Authority

The Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement, dated as of November 16, 1987 (the “JPA Agreement”), between the City and the Redevelopment Agency of the City of Compton (the “Agency”). The JPA Agreement was entered into pursuant to the California Government Code, commencing with Section 6500. The Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of assisting in financing and refinancing projects for the benefit of the City and the Agency.

The Authority is governed by a five member Board of Directors. The City Council of the City constitutes the Board of Directors of the Authority. The Chairman and Secretary of the Authority is the Mayor and Clerk of the City, the Treasurer of the Authority is the Treasurer of the City, the Executive Secretary of the Authority is the City

¹ Preliminary, subject to change.

Manager of the City, the Authority Counsel is the City Attorney of the City. The Authority's powers include, but are not limited to, the power to issue bonds and to sell such bonds to public or private purchasers at public or by negotiated sale. The Authority is entitled to exercise the powers common to its members and necessary to accomplish the purposes for which it was formed. These powers include the power to make and enter into contracts; to employ agents and employees; to acquire, construct, manage, maintain and operate buildings, works or improvements; to acquire, hold or dispose of property within the City; and to incur debts, liabilities or obligations.

The City

The City is a municipal corporation and charter city organized and existing under the Constitution and laws of the State. The City Charter provides for the election, organization, powers and duties of the legislative branch, known as the City Council; the powers and duties of the executive and administrative branches; fiscal administration; and public utilities and franchises. The City Council governs the City and is composed of five members, four who are residents of their respective City Council districts, and one member who is nominated and elected from the City at large to hold the office of Mayor. The Mayor is the presiding officer of the City Council and is the official head of the City. The Mayor is required to live within the City limits. Other elected officers of the City are the City Clerk, the City Treasurer and the City Attorney. All City Council members and other elected officers serve for a term of four years, without term limits. The City Council appoints the City Manager, who is the chief executive officer and the head of the administrative branch of the City government.

The City is located in the geographical center of the County of Los Angeles (the "County"), between the greater Los Angeles and Long Beach metropolitan areas. The City had approximately 98,506 residents as of January 1, 2015 and encompasses an area of approximately 10.2 square miles.

Security and Sources of Payment

Pursuant to the Trust Agreement, the Authority pledges to the Trustee, for the benefit of the Bondholders (as hereinafter defined), all of the Revenues, defined as the Base Rental Payments made by the City to the Authority under the Facility Lease and any interest or other income from any investment of amounts held in any fund or account established pursuant to the Trust Agreement or the Facility Lease (other than the Rebate Fund). The Authority may in the future issue additional bonds under the Trust Agreement ("Additional Bonds") secured on a parity with the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds." The Bonds, when issued, will be the only series of bonds outstanding under the Trust Agreement. The Bonds, together with any Additional Bonds issued pursuant to the Trust Agreement, are herein referred to as the "Bonds."

The City has covenanted under the Facility Lease that so long as the Facilities (as defined herein) are available for the City's use and occupancy, it will take such action as may be necessary to include all Base Rental Payments and Additional Payments (as defined below) in its annual budgets and to make the necessary annual appropriations therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,"

Base Rental Payments are subject to complete or partial abatement in the event of substantial interference with the use and occupancy by the City of the Facilities caused by damage to or destruction or condemnation of the Facilities. See "CERTAIN RISK FACTORS" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Pledge of Revenues." Abatement of Base Rental Payments under the Facility Lease could result in Bondholders receiving less than the full amount of principal and interest on the Bonds, except to the extent proceeds of insurance are available to make payments of principal of or interest on the Bonds (or the relevant portion thereof) during periods of abatement of Base Rental.

General Description of the Bonds

The Bonds will be delivered in fully registered form, without coupons. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, securities depository of the Bonds. Purchase of the Bonds will be made in book-entry form only. Any purchaser of the Bonds (the "Purchaser") will not receive a certificate representing its ownership interest in the Bonds. See "BOOK-

ENTRY ONLY SYSTEM” herein. The principal of and interest on the Bonds will be paid on _____ (the “Maturity Date”) by the Trustee to DTC, which will in turn remit such principal and interest to the Purchaser.

The Bonds are subject to redemption prior to maturity as set forth herein. See “THE BONDS” herein for more information.

[Reserve Fund

Pursuant to the Trust Agreement, a reserve fund (the “Reserve Fund”) is established for the benefit of the Bondholders in an amount equal to the Reserve Fund Requirement (as defined herein). Amounts on deposit in the Reserve Fund are available to pay the Bonds and any Additional Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Reserve Fund.”]

[Financial Guaranty Insurance

A financial guaranty insurance policy (the “Policy”) will be issued by Ambac Assurance Corporation (the “Bond Insurer”) simultaneously with the issuance and delivery of the Bonds. The Policy is noncancelable during its term and provides for the prompt payment of principal of and interest on the Bonds to the extent that the Trustee, has not received sufficient funds from the Issuer for payment of the Bonds on the “due date.” See “FINANCIAL GUARANTY INSURANCE” and APPENDIX G — “SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY.”]

Tax Exemption

In the opinion of Bond Counsel, subject to the limitations and conditions described herein, interest on the Notes is exempt from present State of California personal income taxes, In the opinion of Bond Counsel, subject to the limitations and conditions described herein, interest on the Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion of Bond Counsel contains greater detail, and is subject to exceptions, as noted in “TAX MATTERS” herein. See APPENDIX D: FORM OF OPINION OF BOND COUNSEL.”

Certain Risk Factors

For a discussion of certain risk factors associated with investment in the Bonds, see “CERTAIN RISK FACTORS” as well as other factors discussed throughout this Official Statement.

Continuing Disclosure

The City has covenanted in Continuing Disclosure Agreements to file notices of certain events (each, a “Listed Event”) with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system or as otherwise directed by the MSRB or the Securities and Exchange Commission (the “SEC”).

During the period 2012 to 2015, the City has failed to timely file certain annual reports, notices of failure to file annual reports, and notices of rating changes required to be filed pursuant to continuing disclosure agreements entered into by the City and the respective dissemination agents thereunder pursuant to Rule 15c2-12(b)(5) (the “Rule”) of the SEC within the past five years. The City has now adopted Post Issuance Compliance Procedures and is undertaking a process to implement those procedures in a manner that the City expects will support the timely filing of required annual reports and other filings required pursuant to a continuing disclosure agreement.

See “CONTINUING DISCLOSURE” below for more information.

Reference to Documents

The summaries and descriptions in this Official Statement of the Trust Agreement, the Facility Lease, the Site Lease, the Continuing Disclosure Agreement, and other agreements relating to the Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Bonds are qualified in their entirety by the form thereof and the information with respect thereto included in such documents. All capitalized terms used herein, unless noted otherwise, shall have the meanings prescribed in the Trust Agreement and the Facility Lease. See APPENDIX C — “SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS— Certain Definitions.”

PLAN OF FINANCE

The proceeds of the Bonds will be used by the Authority to: (i) refund and defease a portion of the Prior Bonds and (ii) pay certain costs associated with the issuance of the Bonds.

The net proceeds of the Bonds will be applied to the refunding of the Prior Bonds, with the result that the Prior Bonds will be deemed to be paid and no longer outstanding.

The Prior Bonds were executed and delivered pursuant to a Trust Agreement (the “2008 Trust Agreement”), dated May 1, 2008, by and among U.S Bank National Association, as trustee, the City and the Authority. Proceeds of the Prior Bonds were issued to fund various capital projects and to prepay and defease certain certificates of participation (the “Refunded Certificates”). See, “CERTAIN RISK FACTORS- Prior Bonds Spend Down and Payment History” for additional information.

The Refunded Certificates were executed and delivered pursuant to a Trust Agreement (the “1997 Trust Agreement”) dated September 1, 1997, by and among First National Association (as predecessor in interest to U.S. National Bank National Association), as trustee, the City and the Authority. Proceeds of the Refunded Certificates were used to refinance the costs of certain capital improvements of the City.

The Prior Bonds consist of the following:

\$46,860,000
COMPTON PUBLIC FINANCE AUTHORITY
Lease Revenue Bonds
(Refunding and Various Capital Projects)
Series 2008

Date	Principal	Coupon	Interest	Total P+T
09/01/2008	\$1,130,000.00	4.000%	\$ 788,362.50	\$1,918,362.50
09/01/2009	-	-	2,319,887.50	2,319,887.50
09/01/2010	-	-	2,319,887.50	2,319,887.50
09/01/2011	-	-	2,319,887.50	2,319,887.50
09/01/2012	-	-	2,319,887.50	2,319,887.50
09/01/2013	-	-	2,319,887.50	2,319,887.50
09/01/2014	-	-	2,319,887.50	2,319,887.50
09/01/2015	1,625,000.00	5.000%	2,319,887.50	3,944,887.50
09/01/2016	1,710,000.00	5.000%	2,238,637.50	3,948,637.50
09/01/2017	1,795,000.00	5.000%	2,153,137.50	3,948,137.50
09/01/2018	1,885,000.00	5.000%	2,063,387.50	3,948,387.50
09/01/2019	1,980,000.00	5.000%	1,969,137.50	3,949,137.50
09/01/2020	2,075,000.00	5.000%	1,870,137.50	3,945,137.50
09/01/2021	2,180,000.00	5.000%	1,766,387.50	3,946,387.50
09/01/2022	2,290,000.00	5.000%	1,657,387.50	3,947,387.50
09/01/2023	2,405,000.00	5.250%	1,542,887.50	3,947,887.30
09/01/2024	2,530,000.00	5.250%	1,416,625.00	3,946,625.00

09/01/2025	2,665,000.00	5.250%	1,283,800.00	3,948,800.00
09/01/2026	2,805,000.00	5.250%	1,143,887.50	3,948,887.50
09/01/2027	2,950,000.00	5.250%	996,625.00	3,946,625.00
09/01/2028	3,105,000.00	5.000%	841,750.00	3,946,750.00
09/01/2029	3,260,000.00	5.000%	686,500.00	3,946,500.00
09/01/2030	3,425,000.00	5.000%	523,500.00	3,948,500.00
09/01/2031	3,595,000.00	5.000%	352,250.00	3,947,250.00
09/01/2032	3,450,000.00	5.000%	172,500.00	3,622,500.00
Total	\$46,860,000.00		\$39,706,112.50	\$86,566,112.50

The net proceeds of the Bonds will be deposited in an irrevocable escrow account (the “Prior Bonds Escrow Account”) to be held by an escrow trustee pursuant to an escrow agreement between the City, the Authority and such escrow trustee, dated as of August 1, 2016, (the “Prior Bonds Escrow Agreement”). It is expected that, pursuant to the results of the VCAP proceedings, proceeds of the Prior Bonds will also be added to the Prior Bonds Escrow Account. Such combined proceeds will be used immediately to purchase direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, or other obligations the principal of and interest on which are fully secured by the foregoing in such amounts and maturities, and bearing interest at rates, so as to provide sufficient moneys to pay when due certain maturities of the principal and interest due on the Prior Bonds. Upon the deposit of money and securities into the Prior Bonds Escrow Account the Prior Bonds will no longer be deemed outstanding under the 2008 Trust Agreement. The amount on deposit in the Prior Bonds Escrow Account will be sufficient, together with interest earnings thereon, to redeem the Prior Bonds at a redemption price equal to the principal amount thereof, plus the redemption premium and accrued and unpaid interest to the respective redemption dates.

The mathematical computations used to determine the sufficiency of the escrow deposit to defease the Prior Bonds will be verified by [Barthe & Wahrman, PA] (the “Verification Agent”) who will deliver a report to such effect upon delivery of the Bonds. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

THE SITE LEASE AND THE FACILITY LEASE

The City leases the Facilities to the Authority pursuant to the Site Lease, and the Authority leases back the Facilities to the City pursuant to the Facility Lease. The Authority shall use the proceeds of the Bonds [and certain other funds] to pay to the City the rent due pursuant to the Site Lease. The Authority shall use the Facilities only for leasing such Facilities to the City pursuant to the Facility Lease. Upon the execution of an option to purchase as provided for in the Facility Lease, the term of the Site Lease shall terminate as to the portion of the Facilities so purchased.

During the term of the Facility Lease the Authority shall hold a leasehold estate to the Facilities. Pursuant to the Facility Lease the City shall pay as rent annual Base Rental Payments divided into two interest and one principal component. The City and the Authority may substitute other properties for the Facilities or portions thereof upon the satisfaction of certain conditions of the Facility Lease. The City covenants in the Facility Lease to the use of the Facilities for City and public purposes. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Substitution of Property.”

The Facilities consist of a number of City properties and the sites thereof. The Facilities include site development, landscaping, utilities, equipment, furnishings, improvements and appurtenant and related facilities located on the Demised Premises. Each of the facilities is essential to the operation of the City. City Hall and Council Chambers house all of the essential government services such as the Mayor’s office, the offices of the city council members, the city attorney’s office, the city manager’s office, the public works and municipal utilities department, the community development department, the building and safety department as well as other essential public services. The City currently operates four fire stations, each of which is included in the Facilities. The City expects to construct a fifth fire station to supplement, but not replace any one of the four existing fire stations. The City also expects to invest \$ _____ into the renovation and updating of fire station no. ____.

#18.

The value of each Facility included in the following table in some instances is based upon historical cost, estimates of replacement cost or appraisals of unique public facilities where comparable market values are not available. The actual market value of each Facility may differ materially from the value listed below.

The Authority has a leasehold interest only in each Facility and is not authorized to sell any Facility. The City represents and agrees that the Base Rental Payments represent the fair rental value of the Facilities. See also “CERTAIN RISK FACTORS - Base Rental Payments Not a Debt of the City.” The Authority has assigned its interest in the Site Lease and the Facility Lease to the Trustee. The Trustee has certain rights pursuant to such assignment.

THE FACILITIES

The Facilities subject to the Facility Lease are set forth in the table below. The value of each Facility included in the following table in some instances is based upon historical cost, estimates of replacement cost or appraisals of unique public facilities where comparable market values are not available. The actual market value of each Facility may differ materially from the value listed below.

Facility	Address	Original Completion Date	Approx. Acreage of Site	Approx. Building Square Footage	Estimated Value
City Hall and Council Chambers	205 South Westbrook Avenue Compton, CA	1976	0.70	178,000	\$44,000,000
Fire Station No. 1	201 South Acacia Avenue Compton, CA	1958	0.70	13,500	\$4,900,000
Fire Station No. 2	1320 East Palmer Street Compton, CA	1956	0.15	3,500	\$1,200,000
Fire Station No. 3	1131 West Rosecrans Avenue Compton, CA	1988	1.50	14,245	\$4,900,000
Fire Station No. 4	950 West Walnut Street Compton, CA	1970	1.20	6,370	\$4,200,000
Total — All Facilities					\$59,200,000

Source: City of Compton: Building and Safety Department.

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ESTIMATED SOURCES AND USES OF FUNDS⁽¹⁾

The following table sets forth the estimated sources and uses of funds related to the issuance of the Bonds.

SOURCES:

Principal Amount of Bonds	\$ _____
Net Original Issue Premium	_____
Transfer from the 2008 Trust Agreement	_____
TOTAL SOURCES	\$ _____

USES:

Deposit to Project Fund	\$ _____
Deposit to Prior Bonds Escrow Fund	_____
[Deposit to Reserve Fund]	_____
Costs of Issuance	_____
Net Underwriter's Discount	_____
TOTAL USES	\$ _____

⁽¹⁾ Includes legal and professional fees financial guaranty insurance policy premiums printing costs and other miscellaneous costs of issuance. See UNDE RWRITING OF THE BONDS

THE BONDS**General Provisions**

The Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the City under the Facility Lease.

The Bonds will be prepared in the form of fully registered bonds and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds Ownership interests in the Bonds may be purchased in book-entry form only, in the denominations hereinafter set forth See APPENDIX F—"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Ownership interests in Bonds will be in \$5,000 denominations or any integral multiple thereof. The Bonds will mature on the dates (each a "Maturity Date") and in the principal amounts, and the interest payable thereon will be computed at the rates, all as set forth on the inside cover page of this Official Statement.

Interest on the Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months and is payable on March 1 and September 1 (each an "Interest Payment Date") of each year, commencing September 1, 2017. The Bonds will be dated and bear interest from their date of issuance.

Redemption Provisions

Optional Redemption. The Bonds maturing on or before September 1, 20__ are not subject to optional redemption. The Bonds maturing on or after September 1, 20__ are subject to optional redemption prior to their respective stated maturities, at the written direction of the Authority, from any moneys deposited by the Authority or the City, as a whole or in part (in such maturities as are designated in writing by the Authority to the Trustee) on any date on or after September 1, 20__ at 100% of the principal amount of the Bonds called for redemption, plus accrued interest thereon to the date fixed for redemption, without premium.

Extraordinary Redemption. The Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Trust Agreement, as a whole or in part by lot within

each stated maturity in integral multiples of Authorized Denominations, from prepayments of Base Rental Payments made by the City from the net proceeds received by the City due to the taking of the Facilities or portions thereof under the power of eminent domain, or from the net proceeds of title insurance or insurance received for damage to or destruction of the Facilities or portions thereof, under the circumstances described in the Trust Agreement and the Facility Lease. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Insurance.” The redemption price will be equal to the principal amount of the Bonds to be redeemed and accrued interest thereon to the date of redemption, without premium. Whenever less than all of the Outstanding Bonds are to be redeemed on any one date, the Trustee will select, in accordance with written instructions from the Authority, the Bonds to be redeemed so that the aggregate annual amounts of principal of and interest on the Bonds which will be payable after such redemption date will be as nearly proportional as practicable to the aggregate annual amounts of principal of and interest on the Bonds outstanding prior to such redemption date.

Notice of Redemption

Notice of redemption is to be mailed, first class postage prepaid, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the registration books required to be kept by the Trustee not less than 30 nor more than 60 days prior to the redemption date. Each notice of redemption will state the date of such notice, the date of issue of the Bonds, the Series, the redemption date, the redemption price, and the CUSIP number of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds to be redeemed, and in the case of each Bond called for redemption in part, state the amount which is to be redeemed. Each such notice will also state that from and after the redemption date, interest on the Bonds to be redeemed will cease to accrue. Failure to receive such notice will not invalidate any of the proceedings taken in connection with such redemption.

Selection of Bonds for Optional Redemption

The Authority will designate which maturities of Bonds of a Series are to be redeemed. Whenever less than all the Outstanding Bonds of a Series maturing on any one date are to be redeemed, the Trustee will select the Bonds of such Series and maturity date to be redeemed from the Outstanding Bonds of such Series payable on such maturity date by lot. For purposes of such selection, Bonds will be deemed to be composed of multiples of \$5,000 portions, and any such portion may be separately redeemed. In the event Bonds subject to sinking fund redemption are designated for redemption, the Authority may designate which sinking account payments are allocated to such redemption.

Effect of Redemption

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds for such Series so called for redemption will become due and payable, and from and after the date so designated interest on such Bonds will cease to accrue, and the Owners of such Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are secured by the Revenues, which consist primarily of Base Rental Payments to be made by the City under the Facility Lease. Pursuant to the Facility Lease, the Authority leases the Facilities to the City. As rental for the use and occupancy of the Facilities, the City covenants to pay Base Rental Payments to the Authority, which payments are pledged to the Trustee for the benefit of the Owners of the Bonds. The Base Rental Payments, which are subject to abatement are calculated to generate sufficient Revenues to pay principal of and interest on the Bonds when due.

The City has covenanted in the Facility Lease to include all Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. By the 15th day of the month immediately preceding each

Interest Payment Date, the City must pay to the Trustee Base Rental Payments (to the extent required under the Facility Lease) which are scheduled to be sufficient to pay, when due, the principal of and interest on the Bonds. Base Rental Payments are not subject to acceleration. To date, the City has timely made all Base Rental Payments and Additional Payments due under the Facility Lease for the use and occupancy of the Facilities. For additional information regarding the payment of Base Rental Payments, see “CERTAIN RISK FACTORS - Prior Bonds Spend Down and Payment History”

Under the Facility Lease, the City agrees to pay Additional Payments for the payment of all expenses and all costs of the Authority and the Trustee related to the lease of the Facilities, including expenses of the Trustee payable by the Authority under the Trust Agreement, and fees of accountants, attorneys and consultants. The City is responsible for repair and maintenance of the Facilities during the term of the Facility Lease.

The Base Rental Payments will be abated proportionately during any period in which by reason of any damage to or destruction of the Facilities, there is substantial interference with the use and occupancy of the Facilities by the City, in the proportion in which the cost of that portion of the Facilities rendered unusable bears to the cost of the whole of the Facilities. During any such period of abatement, except to the extent that amounts held by the Trustee in the Revenue Fund or the Reserve Fund are otherwise available to pay the Bonds, Base Rental Payments from the City will not be available to pay the Bonds. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Facility Lease will continue in full force and effect and the City waives any right to terminate the Facility Lease by virtue of any such damage or destruction.

If the whole of the Facilities, including the Demised Premises, or so much thereof as to render the remainder unusable, is taken under power of eminent domain, the term of the Facility Lease will cease as of the day possession is so taken. If less than the whole of the Facilities is taken by eminent domain, there will be a partial abatement of the rental due under the Facility Lease in an amount equivalent to the amount by which the annual payments of principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds.

If the City defaults under the Facility Lease, the Authority may (i) terminate the Facility Lease and take possession of the Facilities for the term of the Site Lease or (ii) retain the Facility Lease and seek to hold the City liable for all Base Rental Payments and Additional Payments thereunder (without acceleration) as they become due on an annual basis. See APPENDIX C — “SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL. LEGAL, DOCUMENTS—Facility Lease—Defaults and Remedies.” Base Rental Payments and Additional Payments may not be accelerated. See “CERTAIN RISK FACTORS.”

Use of Revenues

General. The Revenues consist primarily of the Base Rental Payments made by the City to the Authority. In accordance with the Trust Agreement, all Revenues are irrevocably pledged to and will be used for the punctual payment of interest and premium, if any, on and principal of the Bonds [and Reserve Facility Costs, if any, and the sums due and payable by the Authority in connection with any Swaps, if any], and will not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues may be applied such sums as are permitted under the Trust Agreement. This pledge constitutes a first lien on the Revenues in accordance with the terms of the Trust Agreement.

The Authority has directed that all Base Rental Payments be paid directly to the Trustee to be held in trust by the Trustee in the Revenue Fund for the benefit of the Bondholders. The City has covenanted under the Facility Lease that as long as the Facilities are available for the City’s use and occupancy, it will take such action as may be necessary to include all Base Rental Payments and Additional Payments due under the Facility Lease in its annual budgets and to make the necessary annual appropriations therefor.

On November 8, 2011 the City Council adopted Resolution No. 23,422 authorizing a change in the definition of “2008 Project” under the 2008 Trust Agreement to add the payment of debt service on the Prior Bonds in an amount not to exceed \$7,000,000 (the “Amended 2008 Project Definition”). Pursuant to the Amended 2008 Project Definition the City utilized unspent bond proceeds of the Prior Bonds to pay principal and interest on the

Prior Bonds, when due, in Fiscal Year 2011-2012, Fiscal Year 2012-2013, Fiscal Year 2013-2014, and Fiscal Year 2014-2015. On June 28, 2015 the City Council adopted Resolution No. 24,211 authorizing the use of bond proceeds of the Prior Bonds to pay principal and interest on the Prior Bonds when due in Fiscal Year 2015-2016. To date the City has timely made all Base Rental Payments and Additional Payments due under the Facility Lease associated with the Prior Bonds. See “CERTAIN RISK FACTORS – Prior Bonds Spend Down and payment History” herein.

Base Rental Payments

Base Rental Payments are calculated on an annual basis for twelve-month periods commencing on September 1 and ending on August 31, and each annual Base Rental Payment is divided into two interest components, due on March 1 and September 1, and one principal component, due on September 1. Each Base Rental Payment with respect to the Bonds will be payable on the 15th day of the month immediately preceding its due date. Each annual Base Rental Payment (to be payable in installments as aforesaid) will be for the use of the Facilities for the twelve-month period commencing on September 1 of the period in which such installments are payable.

The Trust Agreement requires that Base Rental Payments be deposited in the Revenue Fund maintained by the Trustee. In accordance with the Trust Agreement, the Trustee will transfer such amounts as are necessary to the Interest Account or the Principal Account, as the case may be, to pay principal of and interest on the Bonds as the same become due and payable. On each Principal Payment Date, following the payment of principal of and interest on the Bonds, any excess amount in the Revenue Fund will be [transferred to the Reserve Fund, as necessary, and thereafter returned to the City]. See APPENDIX C — “SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—Trust Agreement—Creation of Funds and Accounts.”

THE OBLIGATION OF THE, CITY TO MAKE BASE RENTAL PAYMENTS IS AN OBLIGATION PAYABLE FROM AMOUNTS IN THE GENERAL FUND OF THE CITY, AND DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION OR AN OBLIGATION FOR WHICH THE CITY MUST LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, ANY FORM OF TAXATION.

[Reserve Fund

The Trust Agreement requires the Reserve Fund (which secures all of the Bonds) to be funded in an amount equal to the Reserve Fund Requirement. The Reserve Fund Requirement is defined in the Trust Agreement to mean with respect to all Outstanding Bonds an amount equal to the lesser of: (i) the maximum annual debt service attributable to the Outstanding Bonds and (ii) 125% of average annual debt service attributable to the Outstanding Bonds; *provided that* with respect to the calculation of the Reserve Fund Requirement upon the issuance of an Additional Series of Bonds, the Reserve Fund Requirement will be the least of (i) or (ii) above, or the amount derived by the addition of 10% of the proceeds from the sale of such Series of Additional Bonds to the Reserve Fund.

Following the delivery of the Bonds, the Reserve Fund Requirement will be equal to \$3,844,837.50. The Trust Agreement permits the Reserve Fund to be funded with cash, permitted investments, a surety bond, an insurance policy, or a letter of credit, or any combination thereof, as described therein.

Proceeds of the Bonds and other available funds, including amounts transferred from the reserve fund securing the Refunded Certificates, in the aggregate amount of \$3,844,837.50 will be deposited in the Reserve Fund on the date the Bonds are delivered in order to increase the Reserve Fund to the Reserve Fund Requirement on such date. See APPENDIX C — “SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—Trust Agreement—Creation of Funds and Accounts—Reserve Fund.”

Moneys in the Reserve Fund will be applied solely for the purpose of funding the Interest Account or the Principal Account, in that order, in the event of any deficiency in either account on an Interest Payment Date or a Principal Payment Date; provided that, so long as the Authority is not in default under the Trust Agreement, certain amounts in the Reserve Fund in excess of the Reserve Fund Requirement will be transferred to the Revenue Fund.

The Trust Agreement requires that, as a condition to the issuance of Additional Bonds, an amount will be deposited in the Reserve Fund so that following such deposit there will be on deposit in the Reserve Fund an amount at least equal to the Reserve Fund Requirement for all Outstanding Bonds.]

[Bond Insurance

As additional security for the Bonds, payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation (the “Bond Insurer”) simultaneously with the delivery of the Bonds. See “FINANCIAL GUARANTY INSURANCE.”]

Substitution of Property

The City and the Authority, with the written consent of the Bond Insurer, may substitute other real property as part of the Facilities for purposes of the Facility Lease provided the City has filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

(a) Executed copies of the Facility Lease or amendments thereto containing the amended description of the Facilities, including the legal description of the Demised Premises as modified, if necessary.

(b) A Certificate of the City with copies of the Facility Lease or the Site Lease as applicable, or amendments thereto containing the amended description of the Facilities stating that such documents have been duly recorded in the official records of the City Recorder of the City.

(c) A Certificate of the City, together with an appraisal performed by an independent appraiser, evidencing that the annual fair rental value of the Facilities which will constitute the Facilities after such substitution will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending August 31 or in any subsequent year ending August 31.

(d) A Certificate of the City stating that, based upon review of such instruments, certificates or any other matters described in such Certificate of the City, the City has good merchantable title to the Facilities, which will constitute the Facilities after such substitution. The term “good merchantable title” shall mean such title as is satisfactory and sufficient for the needs and operations of the City.

(e) A Certificate of the City stating that such substitution does not adversely affect the City’s use and occupancy of the Facilities.

(f) An Opinion of Bond Counsel stating that such amendment or modification (i) is authorized or permitted by the Constitution and laws of the State and by the Trust Agreement; (ii) complies with the terms of the Constitution and laws of the State and of the Trust Agreement; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and (iv) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

There is no requirement that any substitute Facilities be of the same or a similar nature or function as the then existing Facilities. The Bond Insurer may require additional conditions to the substitution of Facilities.

Insurance

The Facility Lease requires the City to maintain or cause to be maintained, throughout the term of the Facility Lease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance, and earthquake insurance, if available on the open market from reputable insurance companies at a reasonable cost as determined by the City. Such extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance will be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations,

of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed \$250,000 or comparable amount adjusted for inflation or more in the case of earthquake insurance), or in the alternative, will be in an amount and in a form sufficient (together with moneys held under the Trust Agreement), in the event of total loss to enable all Bonds then Outstanding to be redeemed. In the event of a partial loss, such insurance will be in an amount equal to the proportionate value of the partial loss and will be sufficient to enable (together with moneys held under the Trust Agreement), an equal proportionate amount of Outstanding Bonds to be redeemed.

In the event of any damage to or destruction of any part of the Facilities caused by the perils covered by such insurance, the Authority, except as hereinafter described, will cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, to at least the same condition as they were in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee will hold such proceeds in the Insurance and Condemnation Fund and will permit withdrawals upon written request for such purposes. Any balance of said proceeds not required for such repair, reconstruction or replacement will be treated by the Trustee as Base Rental Payments and applied in the manner provided by the Trust Agreement. Alternatively, if the proceeds of such insurance together with any other moneys then available for such purpose are at least sufficient to redeem an aggregate principal amount of Outstanding Bonds equal to the amount of Base Rental attributable to the portion of the Facilities so destroyed or damaged (determined by reference to the proportion which the cost of such portion of the Facilities bears to the cost of the Facilities), the Authority, with the written consent of the City, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon will cause said proceeds to be used for the redemption of a proportionate amount of Outstanding Bonds pursuant to the provisions of the Trust Agreement.

The Authority and the City covenant to promptly apply for federal or State disaster aid, if and when available, in the event that the Facilities are damaged or destroyed as a result of an earthquake or other natural disaster occurring at any time. Any proceeds received as a result of such disaster aid will be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facilities, or, at the option of the City and the Authority, to redeem Outstanding Bonds if such use of such disaster aid is permitted.

As an alternative to providing the fire and extended coverage insurance, or any portion thereof, required by the Facility Lease, the City may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection will afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City. So long as such method or plan is being provided to satisfy the requirements of the Facility Lease, there will be filed with the Trustee a statement of an actuary, insurance consultant or other qualified person (which may be the Risk Manager of the City), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the Facility Lease and, when effective, would afford reasonable coverage for the risks required to be insured against. There will also be filed a certificate of the City setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the City under the Facility Lease will be limited to the amounts in the self-insurance reserve fund or funds created under such method.

The Facility Lease requires the City to maintain or cause to be maintained, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facilities as the result of any of the hazards covered by the fire and extended coverage insurance required by the Facility Lease described in the preceding paragraphs (provided that earthquake insurance will be required only if it is available on the open market from reputable insurance companies at a reasonable cost, as determined by the City), in an amount sufficient to pay the part of the total rent attributable to the portion of the Facilities rendered unusable (determined by reference to the proportion which the cost of such portion bears to the cost of the Facilities) for a period of at least two years, except that such insurance may be subject to a deductible clause of not to exceed \$250,000 (or comparable amount adjusted for inflation or more in the case of earthquake coverage). Any proceeds of such insurance will be used by the Trustee to reimburse to the City any rental theretofore paid by the City under the Facility Lease attributable to such structure for a period of time during which the payment of rental under the Facility Lease is abated, and any proceeds of such insurance not so used will be applied to pay Base Rental Payments and Additional Payments.

The City is required under the Facility Lease to purchase commercial insurance to cover damage due to earthquake if it is available on the open market from reputable insurance companies at a reasonable cost, as determined by the City. See “CERTAIN RISK FACTORS—Risk of Earthquake and Other Natural Disasters.”

The City is also required to obtain certain liability insurance coverage in protection of the Authority and the Trustee.

Additional Bonds

Additional Bonds may, with the consent of the Bond Insurer, be issued on a parity with the Bonds upon the terms and subject to the conditions set forth in the Trust Agreement. See APPENDIX C -”SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—Trust Agreement—Additional Bonds.”

Additional Borrowings

The City expects to refinance within the next twelve (12) months the City of Compton Sewer Revenue Refunding Bonds (Los Angeles County, California) Series 1998; the City of Compton Sewer Revenue Bonds (Los Angeles County, California) Series 2009; and the City of Compton Water Revenue Bonds (Los Angeles County, California) Series 2009 to take advantage of prevailing low interest rate and reduce debt service payments.

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule relating to the Bonds.

Payment Date	Bonds			Aggregate Fiscal Year Total
	Principal	Interest	Total	

TOTAL

See “PLAN OF FINANCE”

[FINANCIAL GUARANTY INSURANCE]

[TO BE ADDED]

CERTAIN RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of Bonds. This Official Statement does not describe all of the risks of an investment in the Bonds and the Underwriter disclaims any responsibility to advise prospective investors of such

risks as they exist at the date of this Official Statement or as they change from time to time. The following discussion of some of the risk factors associated with the Bonds is not, and is not intended to be, exhaustive. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Prospective investors should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds and the suitability of investing in the Bonds in light of their particular circumstances. Prospective investors should be able to bear the risks relating to an investment in the Bonds and should carefully consider, among other factors, the matters described below.

Substitution of Property

Pursuant to the Facility Lease, the City shall have, so long as the Facility Lease is in effect, the option at any time and from time to time, to substitute other real property and/or improvements as part of the Facilities, provided that the City shall satisfy all of the requirements set forth in the Facility Lease, namely that the City provides to the Authority and the Trustee: (i) executed copies of the Facility Lease or amendments containing the amended description of the Facilities, including the Demised Premises, and modified legal description of the Demised Premises, if necessary; (ii) a certificate of the City stating the Facility Lease or amendments containing the amended description of the Facilities has been duly recorded in the official records of the County Recorder of the County of Los Angeles; (iii) a certificate of the City, along with an appraisal performed by an independent appraiser, evidencing that the annual fair rental value of the Facilities which will constitute the Facilities after such substitution will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year; (iv) a certificate of the City stating that the City has good merchantable title to the Facilities which constitute the Facilities after such substitution; (v) a certificate of the City stating that such substitution does not adversely affect the City's use and occupancy of the Facilities; and (vi) an opinion of counsel to the effect that the amendment or modification is authorized or permitted by, and complies with the terms of, the Constitution, the laws of the State and the Trust Agreement, will upon the execution and delivery thereof, be valid and binding upon the Authority and the City, and will not cause the interest on the Bonds to be included in gross income for federal income tax purposes. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – Facility Lease – Substitution."

Limited Obligation

The Bonds are not debt of the City; they are limited obligations of the Authority. The full faith and credit of the Authority is not pledged for the payment of the interest on or principal of the Bonds, and neither full faith and credit nor taxing power of the City is pledged for the payment of Base Rental Payments. The Authority has no taxing power. The obligation of the City to pay Base Rental Payments when due is an obligation payable from amounts in the General Fund of the City and does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Base Rental Payments under the Facility Lease constitute a debt or indebtedness of the Authority, the City, the State or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restrictions.

Limited Liability of Authority to the Owners

Except as expressly provided in the Trust Agreement, including its obligation to assign Base Rental Payments to the Trustee, the Authority will not have any other obligation or liability to the Owners of the Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Facility Lease, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

Security Interest of the Trustee and the Authority

Under the Trust Agreement, the Trustee holds a security interest in the Revenues, including Base Rental Payments, pledged for the benefit of the Bondholders, but such security interest arises only when the Base Rental Payments are actually received by the Trustee following payment by the City to the Trustee as assignee of the Authority. The Facilities are not subject to a security interest, mortgage or any other lien in favor of either the Authority or the Trustee for the benefit of Bondholders.

Base Rental Payments Not a Debt of the City; Current and Future Obligations; Liquidity

The Base Rental Payments due under the Facility Lease (and payment of (i) costs of repair and maintenance of the Facilities, and (ii) insurance, taxes and other governmental charges and assessments levied against the Facilities) are not secured by a pledge of any taxes or any other revenues of the City but are payable from any funds lawfully available to the City. The City is currently liable and may become liable on other obligations payable from the same sources as the Base Rental Payments, such as outstanding City debt; debt incurred by the City in the future; and employee salaries, benefits, pensions and other post-employment benefits, in each case without limit or the consent of or prior notice to the Bondholders. If revenues lawfully available to the City to pay the City's current obligations and any additional obligations decreases, the funds available to the City to pay Base Rental Payments will be further limited.

Liquidity constraints affecting the City and the General Fund could have a material adverse effect on the City's ability to pay principal of and interest on the Bonds when due in the event funds received or accrued by (or allocable to) the City's General Fund are insufficient to cover all of the City's budgeted and unbudgeted financial needs. In the event the City's revenue sources are less than its total obligations, the City could choose to fund municipal services or other financial obligations before making Base Rental Payments. The same result could occur if, because of State constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. **The City's appropriations, however, have never exceeded the limitations on appropriations under Article XIII B of the California Constitution.** For information on the City's current limitations on appropriations, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS—Article XIII B of the California Constitution."

Valuation of Demised Premises

[The value of the Demised Premises (in a bankruptcy proceeding or otherwise) depends upon both (i) the difference, if any, between the Base Rental Payments due under the Facility Lease over the remaining term of the Facility Lease and the fair market rent for the Demised Premises over such remaining term, and (ii) the ability of the Authority to find a replacement tenant acceptable to the Authority which is willing to enter into a replacement Facility Lease and make Base Rent Payments as provided therein. See, "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Covenant to Budget and Appropriate

Although the Bonds are not debt obligations of the city, pursuant to the Facility Lease, the City covenants to take such action as may be necessary to include Base Rental Payments due in its annual budgets and to make necessary appropriations for all such payments. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon issuance of the Bonds, Bond Counsel will render its opinion (substantially in the form of APPENDIX D "PROPOSED FORM OF BOND COUNSEL OPINION") to the effect that, subject to the limitations and qualifications described therein, the Facility Lease constitutes a valid and binding obligation of the City. As to the Authority's realization of effective remedies upon default by the City, see "CERTAIN RISK FACTORS— Limited Recourse on Default; No Acceleration of Base Rental Payments."

Limited Recourse on Default; No Acceleration of Base Rental Payments

Upon the occurrence of one of the “events of default” described below, the City will be deemed to be in default under the Facility Lease and the Authority may exercise any and all remedies available pursuant to law or granted pursuant to the Facility Lease. Events of default under the Facility Lease include (i) the failure of the City to make Base Rental Payments under the Facility Lease when the same become due and payable, (ii) the failure of the City to keep, observe or perform any term, covenant or condition of the Facility Lease to be kept or performed by the City for a period of 60 days after notice of the same has been given to the City, (iii) the assignment or transfer, whether voluntary or involuntary, of the City’s interest in the Facility Lease; (iv) if the City abandons or vacates the Facilities; and (v) the bankruptcy or insolvency of the City. See, “THE FACILITIES, THE SITE LEASE AND THE FACILITY LEASE.”

[The enforcement of remedies provided in the Facility Lease and the Trust Agreement could be both expensive and time consuming. The Authority’s interest in the Facility Lease has been assigned by the Authority to the Trustee. Pursuant to such assignment the Trustee has certain rights in and to the Authority’s leasehold interest in the Facilities and the Demised Premises, including the right to terminate the Facility Lease or reenter or re-let the Facilities.]

In the event of default, the Authority has the option to (i) terminate the Facility Lease and re-enter the Facilities and remove all persons in possession and all personal property, or (ii) not terminate the Facility Lease and (A) continue to collect Base Rental Payments and enforce any other obligations of the City under the Facility Lease, regardless of whether or not the City has abandoned the Facilities, or (B) exercise any and all rights of entry and re-entry upon the Facilities.

The Authority does not have the right to accelerate the total Base Rental Payments due over the term of the Facility Lease.

The Trustee has no possessory interest in the Facilities and is not empowered to sell the Facilities or otherwise direct the Authority to take any remedial actions.

[DISCUSS: lien on obligation to pay vs lien on rent actually paid? Assignment of obligation to pay rent? Standing in bankruptcy and direction of Authority to take action?]

Bankruptcy; Limitations on Remedies

Enforceability of the rights and remedies of the Owner of the Bonds [are there any?], and the obligations incurred by the City under the Facility Lease and the Site Lease, may become subject to the United States Bankruptcy Code (the “Bankruptcy Code”_ and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies and political subdivisions in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities, counties and joint powers authorities in the State. Bankruptcy proceedings, if initiated, or the exercise of powers by the federal, State or City government, could subject the Owner of the Bonds to judicial discretion and interpretation of its rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of rights, including impairment of rights to repayment in full as and when due. The opinion of Bond Counsel, the proposed form of which is attached hereto as “APPENDIX D: FORM OF OPINION OF BOND COUNSEL”, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditors’ rights. See, “CITY FISCAL UPDATE” and “CERTAIN RISK FACTORS” herein.

The City is a unit of State government and therefore is not subject to the involuntary procedures of the Bankruptcy Code. However, pursuant to Chapter 9 of the Bankruptcy Code, a city may seek voluntary protection from its creditors for purposes of adjusting its debts. In the event the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable

in a Chapter 9 proceeding, and the Authority would be treated as a creditor. The adverse effects of such a bankruptcy include, but are not limited to: (a) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City; (b) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (c) the incurrence of unsecured or court-approved secured debt which may have a priority of payment superior to that of that of the Authority under the Facility Lease; and (d) the possibility of the adoption of a plan for the adjustment of the City's debt, which plan may restructure, delay, compromise or reduce the amount of the claim of the Authority under the Facility Lease. In addition, the Bankruptcy Code would invalidate any provision of the Site Lease or the Facility Lease that makes the bankruptcy or insolvency of the City an event of default thereunder.

If the City were to file a bankruptcy petition, the bankruptcy court may be called upon to determine the nature of the transactions underlying the Facility Lease and the Site Lease. Specifically, the bankruptcy court may be called upon to determine whether the Facility Lease is either (i) an unexpired lease or executory contract (defined below) under Section 365 ("Section 365") of the Bankruptcy Code (a "True Lease") or (ii) a loan or other financing arrangement (a "Financing Arrangement"). The Bankruptcy Code specifies different consequences for True Leases and Financing Arrangements.

Treatment of the Facility Lease as a True Lease. Section 365 requires an entity in bankruptcy to make considered decisions either to keep ("assume") or jettison ("reject") its "executory" contracts (i.e., contracts that are as yet incomplete as to both parties' performances), and its leases. Section 365 thus requires that a bankruptcy debtor lessee under a True Lease must either (i) assume the lease or executory contract in question and fully perform all of its obligations or (ii) reject such lease or executory contract and surrender the property, in which event, claims for unpaid rent become general unsecured claims, subject to certain limitations as to amount set forth in the Bankruptcy Code.

If the Facility Lease is determined to be a True Lease, the City could (a) assume the Facility Lease, in which event the City would retain possession of the Facilities, be required to cure all monetary defaults (including any unpaid Base Rental Payments and financial obligations of the City then due under the Facility Lease) and most non-monetary defaults, fully perform all of its obligations under the Facility Lease, and provide adequate assurance that defaults would not occur in the future, or (b) reject the Facility Lease, in which event it would no longer have to meet its obligations pursuant to the Facility Lease but would have to surrender the Facilities back to the Authority.

A rejection of the Facility Lease would allow the Authority, in its discretion, to re-let the Facilities. If the Authority were unable to recover rent from a new tenant in amounts equal to the rent specified in the Facility Lease, the difference would give rise to a general unsecured claim against the City. The amount of any such Claim would be limited by the cap on landlord claims provided in the Bankruptcy Code (i.e., to the rent payable under the Facility Lease (without acceleration) for the greater of one year or 15% of the remaining term of the Facility Lease, but not to exceed three years, following the earlier of (a) the date the bankruptcy petition was filed, and (b) the date on which the Authority repossessed or the City surrendered the Facilities, plus any unpaid rentals under the Facility Lease (without acceleration) on the earlier of such dates). Thus, if the Facility Lease is treated as a True Lease under Section 365 and rejected in a City bankruptcy, the resulting unsecured claim could be severely limited, resulting in reduced funds available to the Authority to pay debt service as and when due on the Bonds.

Treatment of the Facility Lease as a Financing Arrangement. If the Facility Lease is determined to be part of a Financing Arrangement, the City would likely be permitted to retain possession of the Facilities provided it makes payments over time giving the Authority the economic value of its security interest in the Facilities. If such economic value is less than the amounts due under the Facility Lease, the difference would be treated as an unsecured debt of the City. There can be no guarantee that such economic value of the Authority's interests in the Facilities will equal the Base Rental Payment requirements under the Facility Lease at any given time, therefore, the payment obligations of the City might be substantially reduced in the event of a City bankruptcy if the Facility Lease is treated as a Financing Arrangement.

No Standing for the Trustee on Behalf of Bondholders. The Trustee, on behalf of the bondholders, will have no standing to litigate any of the issues relating to the Facility Lease, no authority to vote any claim arising under the

Facility Lease in connection with the confirmation of a plan of adjustment, and no ability to direct the Authority in its conduct of any such litigation or in how it votes any claim.

Pension Issues in Bankruptcy. In a bankruptcy of the City, if a material unpaid liability is owed to the [City Employees' Retirement Plan] or any other pension system (collectively the "Pension Systems") on the filing date, or accrues thereafter, such circumstances could create additional uncertainty as to the City's ability to make Base Rental Payments or other Additional Payments if the Facility Lease is treated as a True Lease and is rejected or is treated as a Financing Arrangement whose economic value is less than the amount owed under the Facility Lease. Given that municipal pension systems in the State are usually administered pursuant to State constitutional provisions and, as applicable, other State, county and/or city law, the Pension Systems may take the position, among other possible arguments, that their claims enjoy a higher priority than all other claims (including the Base Rental Payments), that Pension Systems have the right to enforce payment by injunction or other proceedings outside of a City bankruptcy case, and that Pension System claims cannot be the subject of adjustment or other impairment under the Bankruptcy Code because that would purportedly constitute a violation of State statutory, constitutional and/or municipal law. It is uncertain how a bankruptcy judge in a City bankruptcy would rule on these matters. In addition, this area of law is presently very unsettled because issues of pension underfunding claim priority, pension contribution enforcement, and related bankruptcy plan treatment of such claims (among other pension-related matters) has been or presently is the subject of litigation in Chapter 9 cases involving other California municipalities.

All legal opinions with respect to the enforcement of the Facility Lease and the Trust Agreement will be expressly subject to a qualification that such agreements may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights generally and by applicable principles of equity if equitable remedies are sought.

Abatement

In the event of loss or substantial interference in the use and occupancy of the Facilities by the City caused by damage or destruction or condemnation of the Facilities, Base Rental Payments will be subject to abatement. The term of the Facility Lease with respect to such Facility may be extended until all Bonds corresponding to the Base Rental Payments with respect to such Facility and such other amounts due under the Facility Lease with respect to such Facility are fully paid, but in no event longer than 10 years after the respective initial termination date.

In the event that (a) the Facilities or any component thereof, if damaged or destroyed by an insured casualty, could not be replaced during the period of time that proceeds of the City's rental interruption insurance will be available in lieu of Base Rental Payments plus the period for which funds are available from the Reserve Fund or the Revenue Fund, (b) casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of the Facilities or such component of the Facilities or redemption of the Bonds, or (c) the period of abatement is such that the term of the Facility Lease extends beyond 10 years after the initial termination date, there could be insufficient funds to make payments to Owners in full. See APPENDIX C — "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS—Facility Lease—Rental Abatement."

It is not possible to predict the circumstances under which such an abatement of Base Rental Payments may occur. In addition, there is no statute, case or other law specifying how such an abatement of Base Rental Payments should be measured. For example, it is not clear whether fair rental value is established as of commencement of the Facility Lease or at the time of the abatement. If the latter, it may be that the value of the Facilities could be substantially higher or lower than their value at the time of issuance of the Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Bonds.

Eminent Domain

If the Demised Premises is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Facility Lease will cease as of the day

possession is taken. If less than all of the Demised Premises is taken permanently, or if the Demised Premises or any part thereof is taken temporarily, under the power of eminent domain, (a) the Facility Lease will continue in full force and effect and will not be terminated by virtue of such taking, and (b) there will be a partial abatement of Base Rental Payments as a result of the application of net proceeds of any eminent domain award to the prepayment of the Base Rental Payments, in an amount equal to the amount by which the annual payments of principal and interest on the Outstanding Bonds will be reduced by the eminent domain award.

City Audit Delays

As discussed below in “CITY AUDIT HISTORY,” the City has had a history of delayed audits. In fiscal year 2010-11, the auditors, Mayer Hoffman, McCann P.C., resigned from the audit and issued an Independent Auditors’ Report, but did not issue an opinion on the fiscal year 2010-11 financial statements of the City. The City received audited financial statements for the fiscal year ended June 30, 2012 in which MGO expressed a clean opinion on the fiscal year 2011-12 financial statements. MGO commenced the audit of the 2012-13 financial statements in February 2015 and completed and delivered the final fiscal year 2012-13 audit in August 2015. The fiscal year 2013-14 audit is expected to be completed by June 30, 2016. However, there is no guaranty that the fiscal year 2013-14 audit will be delivered by the projected delivery date. After completion of the 2013-14 audit, it is expected that the City will engage MGO to prepare the fiscal year 2014-15 audit. Following delivery of the fiscal year 2014-15 audit it is expected that MGO will be engaged to prepare the fiscal year 2015-16 audit. Contract dates and delivery dates for the fiscal year 2014-2015 audit and the fiscal year 2015-16 audit have not been established by the City and MGO.

Audited financial information for the fiscal years ending June 30, 2014 and June 30, 2015 are not available and therefore the financial information for such periods set forth in Appendices C herein have not been audited.

Proposed Fiscal Year 2016-17 Budget

The City adopted a balanced budget for fiscal year 2016-17 by the prudent use of approximately \$1,000,000 of the fiscal year 2015-16 surplus. The fiscal year 2016-17 budget includes three elements that positively impact the revenue and expense numbers for fiscal year 2016-17. Those three elements include the refunding of prior bonds to reduce debt service payments, increases in City fees and the maintenance of services and cost at fiscal year 2015-16 levels provided by the Los Angeles County Sheriff’s Department to the City.

The City cannot offer any guaranty that each or any of these elements will be successful.

Current and Future Obligations

The City is currently liable and may become liable on other obligations payable from General Fund revenues, such as employee salaries and benefits. To the extent that additional obligations are incurred by the City, the revenues available for the City to pay such obligations may be decreased subsequent to the payment of principal of and interest on the Notes when due. See “APPENDIX A: ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF COMPTON” attached hereto for a description of certain other obligations of the City, including its unfunded accrued actuarial liabilities with respect to post-employment benefits.

VCAP Proceedings /IRS Audit Exposure

On August 14, 2015 the City submitted a request to the IRS to utilize the Tax-Exempt Bonds Voluntary Closing Agreement Program (“VCAP”), described in Notice 2008-31, 2008-11 I.R.B. 592, related to the Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Capital Projects), Series 2008 (the “Lease Revenue Bonds”); City of Compton Water Revenue Bonds, Series 2009 (the “Series 2009 Water Bonds”); and City of Compton Sewer Revenue Bonds, Series 2009 (the “Series 2009 Sewer Bonds,” collectively with the Lease Revenue Bonds and the Series 2009 Water Bonds, the “Prior Bonds”). This City submitted all required documents to initiate VCAP proceedings for the Prior Bonds. In January, 2016 the City submitted a proposed spending plan for the Prior Bonds’ unspent bond proceeds. On February 2, 2016, the IRS issued a “Closing Agreement” covering Prior Bonds in which it sated the following:

“The Tax Exempt Bonds Compliance & Program Management function has concluded that, based upon our review of all of the information provided and pursuant to the actions taken by the City of Compton, a violation of the Code has not been articulated or identified as required by IRM 7.2.3 (09-30-2015) or Notice 2008-31 with respect to the specific matters identified in the requests. Accordingly, the requests are not eligible for TEB VCAP and we are closing our review of this matter.

Please note that a review under TEB VCAP does not constitute an examination of the Bonds. As such, we have not determined whether the Bonds satisfy all applicable federal tax law requirements.”

The City expects to take actions necessary to comply with the representations made to the IRS regarding the use of the Prior Bonds’ unspent bonds proceeds. Notwithstanding receipt of the Closing Letter, application to utilize VCAP proceedings for the Prior Bonds involves known and unknown risks, uncertainties and other factors which may impact the City’s general fund and could have a material adverse effect on the City’s ability to pay principal of and interest on the Notes when due in the event Unrestricted Revenues received or accrued by (or allocable to) the City during Fiscal Year 2016-17 are insufficient to cover all of the City’s budgeted and unbudgeted financial needs.

Ratings Withdrawal

In September 2012, Standard & Poor’s Rating Services (“Standard & Poor’s”), which has rated the City’s outstanding lease revenue, water and sewer bonds, and the City’s redevelopment agency tax allocation debt, announced that it had suspended its long-term and underlying ratings on such bonds because the City had yet to obtain an audit firm to provide an opinion on the fair presentation of and application of generally accepted accounting principles to the 2011 Financial Statements. In November 2012, Moody’s Investors Service, Inc. (“Moody’s”), which rated the City’s Series 1998 sewer enterprise revenue refunding bonds, announced that it too had suspended its rating of such bonds due to a lack of or inadequate information to support the rating. No assurance can be given as to when or if Standard & Poor’s or Moody’s will reinstate their ratings on the City’s bonds or if such a rating will reflect a change from the City’s most recent rating.

Adequacy of City Insurance Reserves or Insurance Proceeds

The City may self-insure for certain types of insurance required under the Facility Lease. See, “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance.” [The City intends to self-insure for workers’ compensation insurance and general liability insurance with respect to the Demised Premises.] If the City elects to self-insure against other risks, no assurance can be given that the insurance reserves established by the City will be sufficient to satisfy any loss which the City may experience. See, “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance.”

Economic and Other Factors Affecting the Financial Condition of the City

Future economic and other factors may adversely affect the City’s revenues and expenses and, consequently, the City’s ability to meet its operating expenses. Among the factors that could have such adverse effects are: decreases in property tax collections; increases in unemployment in the City and State; the City’s ability to gain concessions from its unionized workers and the consequent impact on wage scales and operating costs of the City; the City’s ability to access capital markets; adverse changes to State budgets and appropriations affecting crucial revenue streams from the State or County to the City; changes in demographic trends; the City’s ability to provide governmental service as and when obligated by residents; and closure or disinvestment of key industries located in the City. The City cannot assess or predict the ultimate effect of these factors on its operations or financial results of its operations or on its ability to make debt service payments on the Notes.

Uncertainty of Tax Revenues

The ability of the City to generate sufficient revenue to meet its operating expenses, working capital needs and its obligations on the Bonds and other indebtedness is subject to many factors including the availability of current revenues of the City to make required payments in full, when due, prior to the levy of additional taxes on the City

residents and real property. See Appendix A – “ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF COMPTON” hereto.

State Funding of Cities

The City receives a portion of its revenues from the State. Accordingly, the City is partially dependent upon the State budget and payments made or appropriated by the State to the City for various programs. See “STATE OF CALIFORNIA BUDGET AND SUPPLEMENTAL FINANCIAL INFORMATION” herein for a description of the adopted State budget for Fiscal Year 2015-16. There can be no assurances that future State budgets will not place additional burdens on local governments, including the City, or will not significantly reduce revenues to such local governments, and the City cannot predict the ultimate impact of future State budgets on the City’s financial situation.

Risk of Earthquake and Other Natural Disasters

A portion of the City, including the Civic Center, lies within a liquefaction zone as delineated by State Department of Conservation. A liquefaction zone is an area where historic occurrence of liquefaction, or local geological, geotechnical or groundwater conditions indicate a potential for permanent ground displacements. The Facility Lease does not require the City to maintain insurance on the Facilities against certain risks such as earthquakes unless such insurance is available from a reputable insurance company at a reasonable cost to the City. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Insurance.” **[DOES CITY HAVE INSURANCE? WHAT IS FORM AND NATURE OF INSURANCE?]**

Hazardous Substances

Owners and operators of real property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance whether or not the owner (or operator) has or had anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly and adversely affect the operations and finances of the City.

Although the City handles, uses and stores certain hazardous substances, including but not limited to, solvents, paints and certain other chemicals on or near the Demised Premises, the City knows of no existing hazardous substances which require remedial action on or near the Demised Premises. However, it is possible that such substances do currently or potentially exist and that the City is not aware of them.

Loss of Tax Exemption

As discussed under “TAX MATTERS,” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the Authority or the City subsequent to the issuance of the Bonds in violation of the covenants contained in the Trust Agreement or the Facility Lease. [The Trust Agreement does not contain a special redemption provision triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to become includable in gross income for purposes of the federal income tax, the Bonds would continue to remain outstanding until maturity or unless earlier redeemed pursuant to optional redemption.]

An opinion of Butler Snow LLP, Bond Counsel, has been obtained to the effect that, subject to the limitations and conditions described herein, interest on the Bonds is exempt from present State of California personal income taxes, and interest on the Bonds is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, such interest is taken into account in determining adjusted current earnings for the

purpose of computing the alternative minimum tax imposed on certain corporations. The opinions contain greater detail, and are subject to exceptions, as noted in [“TAX MATTERS” herein. See “APPENDIX D: FORM OF OPINION OF BOND COUNSEL.”]

An application for a ruling from the Internal Revenue Service regarding the tax-exempt status of the interest on the Bonds has not been made, and an opinion of counsel is not binding upon the Internal Revenue Service. The opinion of Butler Snow LLP, Bond Counsel, is based upon certain representations made by the City and officials of the City, and is subject to the condition that the City comply with all requirements of the Code, compliance with which subsequent to the issuance of the Bonds is necessary in order that the interest thereon be, and continue to be, excludible from the gross income of the owners thereof for federal income tax purposes. If these representations or opinions are incorrect, interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. There can be no guarantee that the City will not violate such requirements and thereby cause interest on the Bonds to become includable in gross income for federal income tax purposes, in some cases retroactive to the date of issuance of the Bonds. In addition, there can be no guarantee that present advantageous provisions of the Code or the rules and regulations thereunder will not be adversely amended or modified, thereby rendering the interest earned on the Bonds includable in gross income for federal income tax purposes. Butler Snow LLP, Bond Counsel, has expressed no opinion regarding any other federal tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, the acquisition or disposition of, or otherwise arising with respect to, the Bonds. For a description of collateral federal income tax consequences to certain taxpayers, see “TAX MATTERS” herein.

IRS Examination; Bond Audit

The IRS has an ongoing program of examining tax-exempt obligations, other working capital financings and other tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from gross income for federal income tax purposes.

It is possible that the Bonds or other tax-exempt obligations of the City may be selected for examination under such program. If an examination is commenced, under current procedures, the IRS will treat the Authority as the relevant taxpayer under the Code, and the holders of the Bonds may have no right to participate. There is no assurance that an IRS examination of the Bonds or other tax-exempt obligations of the City will not adversely affect the market value of the Bonds. See “TAX MATTERS.”

Pension and Other Post-Employment Benefit Liability

Many factors influence the amount of the pension and other post-employment benefit liabilities of the City, including, without limitation, inflationary factors, changes in laws, changes in the levels of benefits provided or in the contribution rates of the City, increases or decreases in the number of covered employees, changes in actuarial assumptions or methods (including but not limited to the assumed rate of return), and differences between actual and anticipated investment experience of the plans. Any of these factors could give rise to additional liability of the City as a result of which the City would be obligated to make additional payments in order to fully fund its obligations. See [APPENDIX B—“EXCERPTS FROM THE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015.”]

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of municipal securities for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price. No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation, or changes in interpretation of existing law.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Described below are certain measures which have impacted or may impact the City's General Fund Budget.

Article XIII A of the California Constitution

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, as amended, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value,' or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data for the area under taxing jurisdiction, or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Any reduction in assessed value is temporary and may be adjusted for any given year by the Assessor. The assessed value increases to its pre-reduction level (escalated to the annual inflation rate of no more than two percent) following the year(s) for which the reduction is applied. Article XIII A further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay (i) debt service on indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition; and (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district or county, as appropriate, but only if certain accountability measures are included in the proposition.

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% ad valorem property tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may only increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Legislation enacted and amended by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situation" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The City is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other ad valorem property tax above the 1% limit imposed by Article XIII A, except for taxes to support indebtedness approved by the voters as described above.

Article XIII B of the California Constitution

On October 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. In June 1990, the voters through their approval of Proposition 111 amended Article XIII B. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, special district, authority or other political subdivision of the State (e.g. local governments) to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978-79 fiscal

year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to another governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced accordingly to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by or for the State, exclusive of certain State subventions for the use and operation of local government, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation of an entity of local government include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity and refunds of taxes. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments.

Article XIII B includes a requirement pursuant to which 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be transferred and allocated, from a fund established for that purpose, pursuant to Article XVI of the State Constitution. In addition, 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years. Further, Article XIII B includes a requirement that all revenues received by an entity of government, other than the State, in a fiscal year and in the fiscal year immediately following it that exceed the amount which may be appropriated by that entity in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

As amended in June 1990, the appropriations limit for a county in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the county's option, either (i) the percentage change in California per capita personal income from the preceding fiscal year, or (ii) the percentage change in the local assessment roll from the preceding fiscal year for the jurisdiction due to the addition of local nonresidential new construction. Pursuant to the Revenue and Taxation Code, the State's Department of Finance annually transmits to each city and each county an estimate of the percentage change in the population of the city or the county.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The City's maximum appropriation limit for the Fiscal Year 2015-16 is approximately \$89 million. The limitation applies only to proceeds of taxes and therefore does not apply to regulatory licenses, user charges, user fees and service fees and charges that do not exceed the reasonable cost of services, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs. City Council will consider a resolution regarding the appropriations limit for Fiscal Year 2015-16 that will project proceeds of taxes for Fiscal Year 2015-16 in an amount below the Article XIII B limit.

Article XIII C and Article XIII D of the California Constitution

On November 5, 1996, the California voters approved Proposition 218, a constitutional initiative entitled the “Right to Vote on Taxes Act”. Proposition 218 added Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions limiting the ability of local governments, including the City, to impose and collect both existing and future taxes, assessments, fees and charges. The City is unable to predict whether and to what extent Proposition 218 may be held to be constitutional or how its terms will be interpreted and applied by the courts. Proposition 218 could substantially restrict the City’s ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the City’s costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal local taxes, assessments, fees and charges, which are among the sources of the County Collected Revenues pledged to the payment of principal of and interest on the Notes. However, other than any impact resulting from the exercise of this initiative power, the City does not presently believe that the potential impact on the financial condition of the City as a result of the provisions of Proposition 218 will adversely affect the City’s ability to pay principal of and interest on the Notes and perform its other obligations as and when due.

Article XIII C requires that all new, extended, or increased local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote of the electorate and taxes for specific purposes, even if deposited in the City’s General Fund, require a two-thirds vote of the electorate. These voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues through General Fund taxes, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to local taxes, assessments, fees or charges imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. The City does not believe that any existing taxes imposed by the City, the proceeds of which are deposited into the City’s General Fund will be affected by the voter approval requirements of Proposition 218. The City believes that the voter approval requirement of Proposition 218 reduces the flexibility of the City to raise revenues for the General Fund. No assurances can be given that the City will impose, extend or increase such taxes in the future to meet increased expenditure needs.

The repeal of local taxes, assessments, fees or charges could be challenged as a violation of the prohibition against impairing contracts under the contract clause of the United States Constitution. Subsequent to the amendment of Article XIII C, the State Legislature approved SB 919 (the “Proposition 218 Omnibus Implementation Act”), which directed that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that are or will be deposited into the City’s General Fund. Further, “fees” and “charges” are not defined in Article XIII C or Proposition 218 Omnibus Implementation Act, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as they do in Article XIII D, as described below. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIII C, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property related. The City is unable to predict whether the courts will interpret the initiative provision to be limited to property related fees and charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the City’s General Fund.

Article XIII D added several requirements that generally made it more difficult for local agencies, such as the City, to levy and maintain “assessments” for municipal services and programs. “Assessment” is defined in Proposition 218 and the Proposition 218 Omnibus Implementation Act (as enacted in Government Code Section 53750) to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in City service areas and in special districts. In most instances, in the event that the City is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the City will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the City anticipates that any impact Article XIII D may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the City to pay the principal of and interest on the Notes, as and when due. However, no assurance can be given that the City may or will be able to reduce or eliminate such services to avoid new costs for the City General Fund in the event the assessments that presently finance them are reduced or repealed.

Article XIII D also added several provisions affecting “fees” and “charges” which are defined as “any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency (subdivision (a) of Section 2 of Article XIII D defines an agency as any local government as defined in subdivision (b) of Section 1 of Article XIII C) upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new fees and charges and, after June 30, 1997, all existing property related fees and charges that are extended, imposed or increased must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase of such property-related fee or charge, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. The City does not expect to collect such fees or charges in Fiscal Year 2015-16. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges, the revenues and proceeds of which comprise a significant part of the City’s General Fund.

Additional implementing legislation respecting Proposition 218 may be introduced in the State legislature from time to time that would amend and supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the City.

Proposition 62

Proposition 62 was adopted by the California voters at the November 4, 1986, general election and (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity’s legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes imposed for specific purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) required that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of Santa Clara County Local Transportation Authority v. Guardino, 11 Cal. 4th 220 (1995), upheld the constitutionality of Proposition 62. In Guardino, the court held that a county-wide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, was invalid without the required two-thirds voter approval. The decision did not

address the question of whether or not it should be applied retroactively. Since the adoption of Proposition 62, the City has enacted increases in taxes in compliance with Proposition 62.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra*, 25 Cal. 4th 809 (2011). In *La Habra*, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes that are subject to Proposition 62 is three years. Accordingly, a challenge to a tax that is subject to Proposition 62 may only be made for those taxes collected within three years of the date the action is brought. The City does not believe that any of its taxes are subject to Proposition 62.

Proposition 1A

Proposition 1A, approved by California voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, except mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. The State's ability to initiate future exchanges and shifts of funds will be limited by Proposition 22. See "Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations - Proposition 22" below.

Proposition 22

Proposition 22, which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A. See "Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations - Proposition 1A" above. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The LAO states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The City does

not believe that Proposition 22 will have a significant impact on its revenues and expenditures during Fiscal Year 2015-16.

Proposition 26

Proposition 26, which was approved by California voters on November 2, 2010, amends the California Constitution to expand the definition of “taxes.” Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the State obtain the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax which will require a two-thirds vote of approval to be effective. In addition, for State imposed fees and charges, any fee or charge adopted after January 1, 2010 with a majority vote of approval of the State Legislature which would have required a two-thirds vote of approval of the State Legislature if Proposition 26 were effective at the time of such adoption, is repealed as of November 2011, absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a “tax” means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. See “Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations - Article XIII C and Article XIII D of the California Constitution “above.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies. As of the date hereof, none of the City’s fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 generally are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of the affected property owners.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, Proposition 111, Proposition 1A, Proposition 62, Proposition 22, and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative measures could be adopted, further affecting revenues of the City or the City’s ability to expend revenues. The nature and impact of these measures cannot be predicted by the City.

CITY AUDIT HISTORY

The City has experienced delays in the release of its audits. In fiscal year 2010-11 an Independent Auditors' Report, dated June 27, 2012, produced by the City's then auditors, Mayer Hoffman McCann, P.C., stated that the 2011 Financial Statements "have been prepared assuming that the City will continue as a going concern" and cited "substantial doubt about the City's ability to continue as a going concern." Following the issuance of its Independent Auditors' Report, Mayer Hoffman McCann, and P.C. resigned from its position as auditor. On November 6, 2012 the City hired Macias Gini & O'Connell LLP ("MGO") as the City's independent auditor.

The City received a completed, clean audit from MGO for fiscal year 2011-12. The fiscal year 2011-12 audit financial statement is attached hereto as Exhibit B-2. The City received the fiscal year 2012-13 audited financial statements on August 14, 2015 with a clean opinion of the Auditors, MGO. The audited Annual Financial Report for the Fiscal Year Ended June 30, 2013, is attached hereto as Appendix B-3. The City's unaudited, internally prepared, Financial Report for the Year Ended June 30, 2014, which includes financial information through June 30, 2014, is attached hereto as Appendix [REDACTED]. The City's auditors began the fiscal year 2013-14 audit in February 2016 and are expected to complete the audit on or about June 30, 2016.

During the fiscal year 2014-15, the City met all its obligations including the part payment of \$4.5 million to the Los Angeles County regarding liability arising from the dissolution of the former Redevelopment Agency. The City's unaudited, internally prepared, Financial Report for the Month of June 30, 2015, is attached hereto as Appendix B-4. The City's auditors are expected to begin the City's fiscal year 2014-15 audit immediately upon the completion of the fiscal year 2013-14 audit.

The following Table 2 sets forth revenues and expenditures for Total Governmental Funds and the General Fund during Fiscal Years 2009-10 through 2014-15.

TABLE 2
Total Governmental Funds and General Fund
Revenues And Expenditures ⁽¹⁾
Fiscal Years 2009-10 Through 2014-15
(\$ in millions)

	Total Governmental Funds			General Fund		
	Revenues	Expenditures	Surplus/(Deficit)	Revenues	Expenditures	Surplus/(Deficit)
2009-10	137.18	184.64	(47.46)	61.15	70.00	(8.85)
2010-11	125.63	170.80	(45.17)	44.19	69.18	(24.99)
2011-12	149.86	162.27	(12.41)	44.35	47.98	(3.63)
2012-13	138.55	121.97	16.58	49.54	48.01	1.53
2013-14	153.22	157.64	(4.42)	52.33	50.79	1.54
2014-15	152.45	155.67	(3.22)	59.45	58.79	0.66*

Source: City of Compton

⁽¹⁾ Excludes Transfers In and Transfers Out

(*) The figures for fiscal year 2014-15 are estimates provided by the City of Compton

CITY FISCAL POLICIES

Background

Following several years of substantial general fund operating deficits, the City's General Fund revenue exceeded the General Fund expenditures in fiscal years 2012-13, 2013-14, 2014-15 and 2015-16. The fiscal year 2014-15 budget was the first City budget since fiscal year 2010-11 that did not necessitate reductions in services, programs, or employees to balance the City's general fund. In fiscal year 2015-16, the City restored all employee concessions and benefit reductions implemented as part of the budget reductions of fiscal year 2011-12. In fiscal

year 2015-16 the City provided a 10% salary increase for sworn and unsworn fire department employees and a 3% salary increase for general fund employees.

Reserve Policy

To reinforce the City's fiscal standing, on July 22, 2014 the City adopted a General Fund Contingency Reserve Policy (the "Reserve Policy"). Under the Reserve Policy, the City is required to include a contribution to its reserves as a line item in the annual General Fund budget. The Reserve Policy goal is to assure solvency by gradually building the rainy day reserve to be equal to 10% of the General Fund's total expenditures. In fiscal year 2015-16 the City deposited \$550,000 into its newly established rainy day reserve fund. This figure represents the budgeted deposit amount.

The fiscal year 2016-17 budget's rainy day reserve fund deposit line item is \$550,000.

Interfund Borrowing Repayment Policy

During fiscal year 2010-11, the City temporarily borrowed from other City governmental funds and internal service funds and used these funds to fund General Fund expenditures. In fiscal year 2010-11 the negative General Fund balance of approximately \$41.2 million included, among other things, the net interfund liability of approximately \$28.3 million, the accounts payable in the amount of \$12.6 million, and accrued liabilities of approximately \$3.3 million. On December 20, 2011, the City Council approved a twenty year amortization schedule and authorized the repayment of approximately \$41.92 million the City's General Fund owed to various internal funds of the City. A second resolution, resolution number 23,970, was later adopted on July 17, 2014 amending the amortization schedule by reducing the amortization schedule from a payment period of twenty years to fifteen years. This change was made pursuant to the advice of Macias Gini & O'Connell LLP ("MGO"), the City's independent auditor, hired on November 6, 2012. All payments pursuant to the amortization payback schedules have been made when due.

Revenue Enhancement Policies

In December 2001, the City modified the provisions of the Crystal Park Casino (the "Casino") gaming license ordinance to provide for a reduced fee in light of the economic impact of the events of September 11, 2001. The reduced fee amounted to \$240,000 in each fiscal year from 2002 through 2012. The reduced gaming license fee remained in effect until January 2012 when the City returned to the original provisions of the gaming license ordinance. In fiscal year 2013-14, the first full year of receiving gaming revenue following the discontinuance of the post September 11th modification, the City received approximately \$2 million in gaming license fee revenue. In fiscal year 2014-15, the City received \$2.1 million in gaming license fee revenue from the Casino.

The City has engaged Willdan Financial Services to conduct a Comprehensive User Fee Study. This fee study will be the foundation for a Master Fee Schedule to be presented to the Council for adoption during the 2016-17 fiscal year. The Council will be required to hold public hearings regarding the proposed increases in City fees. Following the public hearings, the Council will consider the proposed Master Fee Schedule. If adopted, based on the fee study, this fee increase initiative is expected to increase General Fund revenues by an amount between \$500,000 and \$1,000,000 annually.

The Council adopted a resolution establishing development impact fees to be paid by developers and used for the maintenance of City parks and other services. The development impact fees are expected to reduce the amount of General Fund revenues utilized to maintain City parks and services.

During fiscal year 2014-15 the City continued its fiscal recovery and revenue enhancement through the implementation of expenditure monitoring and control procedures. When adopted, the City budget anticipated a minimal fiscal year surplus of \$100,000. However, actual surplus as of June 30, 2015 was \$1,391,693.

No assurance can be made, however, that the foregoing efforts of the City will continue to be successful in improving the City's financial condition. See "RISK FACTORS" herein.

See APPENDIX B-2: "CITY OF COMPTON AUDITED ANNUAL FINANCIALS FOR THE FISCAL YEAR ENDED JUNE 2012," APPENDIX B-3: "CITY OF COMPTON AUDITED ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013;" C-3 "CITY OF COMPTON UNAUDITED ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 2014" and C-4 "CITY OF COMPTON UNAUDITED FINANCIAL REPORT FOR THE MONTH OF JUNE 2015 each attached hereto for more information related to the City's financial results for the fiscal year ended June 30, 2012, fiscal year ended June 30, 2013, fiscal year ended June 30, 2014 and for the fiscal year ended June 2015.

CITY FINANCIAL STATEMENTS

APPENDIX B-1: "CITY OF COMPTON UNAUDITED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011;" APPENDIX B-2: "CITY OF COMPTON AUDITED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2012;" APPENDIX B-3: "CITY OF COMPTON AUDITED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013;" B-4: "CITY OF COMPTON UNAUDITED FINANCIAL REPORT FOR THE MONTH OF JUNE 2014;" and B-5: "CITY OF COMPTON UNAUDITED FINANCIAL REPORT FOR THE MONTH OF SEPTEMBER 2015" are attached hereto.

Please note that Mayer Hoffman McCann, P.C.'s Independent Auditors' Report related to the 2011 Financing Statements expresses no opinion on whether the 2011 Financial Statements present fairly, in all material respects, the financial position of the City at June 30, 2011 and certain related matters. See, "CITY FISCAL UPDATE" above for more information.

The City's Financial Report for the Month of June 30, 2011, the City's Financial Report for the Month of June 30, 2013 and the City's Financial Report for the Month of May 31, 2014 reflect unaudited financial data prepared by the City Controller that has not been reviewed by an independent auditor. No assurances can be given that the review of the City's financial data by an independent auditor will yield the same or similar results.

The City has not requested nor has the City obtained the consent of Mayer Hoffman McCann, P.C. to the inclusion of its report attached hereto as Appendix B-1. Further, the inclusion of its report as Appendix B-1 does not purport to reflect any change with respect to statements set forth in the Independent Auditor's Report or any information set forth in the 2011 Financial Statements. Mayer Hoffman McCann, P.C. has not been engaged to perform and has not performed, since the date of the Independent Auditor's Report and the 2011 Financial Statements included herein, any procedures on the financial statements addressed in that report. MGO is the City's current independent auditor. MGO was engaged to perform the City's audit for the Fiscal Year ended June 30, 2012. MGO completed the Fiscal Year 2011-12 audit and issued a clean opinion on the City's financial statements for the Fiscal Year ended June 30, 2012. MGO was also engaged to perform the Fiscal Year 2012-13 audit and the auditors issued a clean opinion on the audited Annual Financial Report in August 2015. The City of Compton Audited Annual Financial Report for the Fiscal Year Ended June 30, 2011 is attached as B-1. The City of Compton Audited Annual Financial Report for the Fiscal Year Ended June 30, 2012 is attached as B-2. The City of Compton Audited Annual Financial Report for the Fiscal Year Ended June 30, 2013 is attached as B-3. The City of Compton Unaudited Annual Financial Report for the Month Ended June 2014 is attached as B-4. The City of Compton Unaudited Annual Financial Report for the Month of September 2015 is attached as B-5. The City has not requested nor has the City obtained the consent of MGO to the inclusion of its reports attached hereto at Appendix B. Neither MGO nor Mayer Hoffman McCann, P.C. has been requested to perform and neither has performed any procedures relating to this Official Statement.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the Bonds, the City and the Authority will each certify that there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served, or to the best knowledge of the City or the Authority threatened, against the City or the Authority in any material respect affecting the existence of the City or the Authority or the titles of their officers to their respective offices or seeking to prohibit, restrain or enjoin the sale or delivery of the Bonds, the Trust Agreement,

the Facility Lease, the Site Lease or the payment of Base Rental Payments or challenging, directly or indirectly, the location of the Facilities, or the proceedings to lease the Facilities from the Authority.

Various legal actions are pending against the City. The aggregate amount of the uninsured liabilities of the City which may result from all legal claims currently pending against it will not, in the opinion of the City, materially affect the City's finances or impair its ability to make Base Rental Payments under the Facility Lease.

TAX MATTERS

Federal Tax Matters

In the opinion of Butler Snow LLP, Atlanta, Georgia, Bond Counsel, under existing statutes, rulings and court decisions and under applicable regulations, interest on the Notes is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

The opinion contains greater detail, and is subject to exceptions. See APPENDIX D attached hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Notes.

Ownership of the Notes may result in other collateral federal income tax consequences to certain taxpayers, including without limitation, corporations subject to the environmental tax, banks, thrift institutions and other financial institutions, foreign corporations which conduct a trade or business in the United States, property and casualty insurance corporations, S corporations, individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Notes. Purchasers of the Notes should consult their tax advisors as to the applicability of any such collateral consequences.

In rendering its opinion that the interest on the Notes is excludable from gross income for federal income tax purposes, Bond Counsel will (i) rely as to questions of fact material to its opinion upon certificates and certified proceedings of public officials including officials of the City and representations of the City, without undertaking to verify the same by independent investigation and (ii) assume the continued compliance by the City with its covenants relating to the use of the proceeds of the Notes and compliance with the requirements of the Code, including, but not limited to, the arbitrage requirements contained in Section 148 of the Code. The inaccuracy of any such representations or noncompliance with such covenants may cause interest on the Notes to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes.

Changes in Federal Tax Law

Proposed, pending or future tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of the interest on the Notes subsequent to their issuance. Future legislation could directly or indirectly reduce or eliminate the value of certain deductions and exclusions, including the benefit of the exclusion of tax-exempt interest on the Notes from gross income for federal income tax purposes. Any such proposed legislation, actions or decisions, whether or not enacted, taken or rendered, could also adversely affect the value and liquidity of the Notes. In addition, regulatory actions from time to time are announced or proposal and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes or the market value thereof would be impacted thereby. Purchasers of the Notes should consult their own tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinion expressed by Bond Counsel is based upon existing law, legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes and Bond Counsel has expressed no opinion as of any date subsequent thereto or with any respect to any pending legislation, regulatory initiatives or litigation.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, sale, execution and delivery by the City of the Notes are subject to the approval of Butler Snow LLP, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of the Limited Offering Memorandum. Certain other legal matters will be passed upon for the City by the City Attorney, by the City's Disclosure Counsel, Butler Snow, Atlanta, Georgia and for the underwriter by its counsel Ballard Spahr LLP, Philadelphia, Pennsylvania.

FINANCIAL ADVISOR

The City has retained Comer Capital Group, LLC, of Jackson, Mississippi, as financial advisor (the "Financial Advisor") in connection with the issuance of the Notes. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Limited Offering Memorandum.

Comer Capital Group, LLC is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities.

UNDERWRITING

Under the Bond Purchase Agreement, IFS Securities, Inc., Atlanta, Georgia (the "Underwriter") will purchase the Notes at a price of \$ _____, less an Underwriter's discount of ____ percent (__%). The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes. The Underwriter may offer and sell Notes to certain dealers at prices lower than the public offering price or otherwise allow concessions to such dealers who may re-allow concessions to other dealers.

The City has agreed to indemnify the Underwriter against certain civil liabilities, including certain liabilities under federal securities laws. Under existing statutes, regulations, and court decisions, the enforceability of such an agreement to indemnify is uncertain.

LITIGATION

No litigation is pending or, to the best of the knowledge of the City, threatened concerning the validity of the Notes, and an opinion of the City Attorney to that effect will be furnished to the Purchaser at the time of the original delivery of the Notes. The City is not aware of any litigation pending or threatened questioning its political existence or contesting its ability to levy and collect *ad valorem* taxes or to collect or receive the County Collected Revenues or contesting its ability to pay the principal of and interest on the Notes. However, the City is routinely involved in certain disputes relating to its day-to-day operations.

NO RATING

NO RATING FOR THE NOTES HAS BEEN APPLIED FOR. THE NOTES ARE SUBJECT TO A SIGNIFICANT DEGREE OF RISK. THE NOTES ARE SUITABLE FOR INVESTMENT CONSIDERATION ONLY FOR THOSE PERSONS WHO ARE SOPHISTICATED AND EXPERIENCED IN THE FIELD OF TAX AND REVENUE ANTICIPATION NOTES. SEE "THE NOTES — SECURITY AND SOURCES OF PAYMENT FOR THE NOTES" AND "RISK FACTORS" HEREIN.

CONTINUING DISCLOSURE

The City has entered into certain continuing disclosure undertakings ("Undertakings") to be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system or to another repository designated by the MSRB or the SEC in connection with several bond issues as described below. The Undertakings require the City to file annually its audited financial statements and annual reports, and certain listed material events. In connection with the 2016-17 TRANS the City has agreed in the Resolution and has covenanted in the Continuing Disclosure Agreement for the benefit of the Owner of the Notes to provide notices of

the occurrence of certain Listed Events. The City's obligations under the Continuing Disclosure Agreement will terminate upon payment in full of all of the Notes without any requirement to provide notice to the Owner of the Notes. If such termination occurs prior to the final maturity of the Notes, the City will give notice of such termination in the same manner as for a Listed Event. See APPENDIX E, "CONTINUING DISCLOSURE AGREEMENT" for additional information.

During the past five fiscal years, the City has failed to timely file certain annual reports, notices of failure to file annual reports, and notices of rating changes required to be filed pursuant to continuing disclosure agreements entered into by the City and the respective dissemination agents thereunder for the City's Sewer Revenue Refunding Bonds, Series 1998 (the "Series 1998 Sewer Bonds"), Sewer Revenue Bonds, Series 2009 (the "Series 2009 Sewer Bonds"), and Water Revenue Bonds, Series 2009 (the "Series 2009 Water Bonds" and, together with the Series 2009 Sewer Bonds, the "Series 2009 Bonds"). Although they were filed past the due date, the City has filed its financial information required by the continuing disclosure agreements related to the Series 1998 Bonds and the Series 2009 Bonds for fiscal years 2011 through 2015. Although the City failed to file certain notices within the time required by the continuing disclosure agreements, the dissemination agent for the City has notified the MSRB of those failures, and the dissemination agent for the City has also filed the required notice related to a rating change (i.e. a Notice of Rating Change related to Standard & Poor's and Moody's rating withdrawals on the Series 1998 Sewer Bonds and the Series 2009 Bonds was posted on EMMA on December 11, 2012). As a result of the series of failures, the City is preparing for filing, an updated and comprehensive summary of failed or delayed disclosure filings. Set forth below is a summary of the City's failed or delayed disclosure filings. To avoid continued failed or delayed filings, the City has adopted Post Compliance Procedures and is developing a process to support the proper implementation of those procedures.

The City has entered into certain continuing disclosure undertakings (the "Undertakings") in connection with its Sewer Revenue Refunding Bonds, Series 1998 (the "Series 1998 Sewer Bonds"), its Solid Waste Management Facilities Bonds, Series 2000 (the "Series 2000 Bonds"), the Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Capital Projects), Series 2008 (the "Series 2008 Bonds"), and its Sewer Revenue Bonds, Series 2009 (the "Series 2009 Sewer Bonds"), and its Water Revenue Bonds, Series 2009 (the "Series 2009 Water Bonds" and, together with the Series 2009 Sewer Bonds, the "Series 2009 Bonds").

The Undertakings require the City to file annually its audited financial statements and annual reports, and certain listed material events. The Undertakings allow for the filing of unaudited financial reports, followed by the filing of audited financials, if the audited financial report is not available on the date of the filing deadline. The City filed its audited financial statements and annual reports with respect to the Undertakings in connection with the Series 1998 Sewer Bonds, Series 2000 Bonds, Series 2008 Bonds and Series 2009 Bonds on the dates set forth below:

<u>Fiscal Year Ended</u>	<u>Annual Report and Financial Statement Filing Deadline</u>	<u>Annual Audited Financial Statements Filing Date</u>	<u>Annual Report Filing Date</u>
Issuer: City of Compton, CA, Sewer Revenue Bonds Series 1998 (CUSIP 204730) *			
2010	February 28, 2011	May 20, 2011 (unaudited filed on March 2, 2011)	May 20, 2011 (unaudited filed on March 2, 2011)
2011	February 28, 2012	(unaudited filed on November 2, 2012)	February 29, 2016
2012	February 28, 2013	August 6, 2014 (unaudited filed on February 28, 2013)	February 29, 2016
2013	February 28, 2014	January 6, 2016 (unaudited filed on April 29, 2015)	February 29, 2016
2014	February 28, 2015	(unaudited filed on April 29, 2015)	February 29, 2016
2015	February 29, 2016	(unaudited filed on February 29, 2016)	February 29, 2016

Issuer: City of Compton, CA, Sewer Revenue Bonds Series 2009 *

2010	March 30, 2011	May 20, 2011 (unaudited filed on May 20, 2011)	Not Required
2011	March 30, 2012	Audited Financials Not Filed (unaudited filed on November 2, 2012)	Not Required
2012	March 30, 2013	August 6, 2014 (unaudited filed on March 4, 2013)	Not Required
2013	March 30, 2014	January 6, 2016 (unaudited filed on April 29, 2015)	Not Required
2014	March 30, 2015	(unaudited filed on April 29, 2015)	Not Required
2015	March 30, 2016	(unaudited filed on February 29, 2016)	Not Required

Issuer: City of Compton, CA, Water Revenue Bonds Series 2009 (CUSIP 204744) *

2010	March 30, 2011	May 20, 2011 (unaudited filed on April 1, 2011)	Not Required
2011	March 30, 2012	Audited Financials Not Filed (unaudited filed on November 2, 2012)	Not Required
2012	March 30, 2013	August 6, 2014 (unaudited filed on March 4, 2013)	Not Required
2013	March 30, 2014	January 6, 2016 (unaudited filed on April 29, 2015)	Not Required
2014	March 30, 2015	Audited Financials Not Filed (unaudited filed on April 29, 2015)	Not Required
2015	March 30, 2016	Audited Financials Not Filed (unaudited filed on March 31, 2016)	Not Required

Issuer: Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Capital Projects), Series 2008

2010	March 30, 2011	April 1, 2011 (unaudited filed on May 20, 2011)	Not Required
2011	March 30, 2012	Audited Financials Not Filed (unaudited filed on November 2, 2012)	Not Required
2012	March 30, 2013	August 6, 2014 (unaudited filed on March 4, 2013)	Not Required
2013	March 30, 2014	January 6, 2016 (unaudited filed on April 29, 2015)	Not Required
2014	March 30, 2015	Audited Financials Not Filed (unaudited filed on April 29, 2015)	Not Required
2015	March 30, 2016	Audited Financials Not Filed (unaudited filed on March 31, 2016)	Not Required

Issuer City of Compton, CA: Conversion of Solid Waste Management Facilities Variable Rate Revenue Bonds, Series 2008 (Remarketing Memorandum dated 3/28/2006) **

2010	March 27, 2011	Audited Financials Not Filed	Not Required

2011	March 27, 2012	Audited Financials Not Filed	Not Required
2012	March 27, 2013	Audited Financials Not Filed	Not Required
2013	March 27, 2014	Audited Financials Not Filed (unaudited filed on April 29, 2015)	Not Required
2014	March 27, 2015	Audited Financials Not Filed	Not Required
2015	March 27, 2016	Audited Financials Not Filed	Not Required

* In Fiscal Years 2011, 2013, 2014, and 2015 the City failed to file or timely file appropriate “Failure to File Notices” for the above referenced bonds.

** In Fiscal Years 2010, 2011, 2012, 2013, 2014, and 2015 the City failed to file or timely file appropriate “Failure to File Notices” for the above referenced bonds.

See <http://emma.msrb.org> for a complete history of the City’s continuing disclosure filings.

For a form of the Continuing Disclosure Agreement, see APPENDIX E— “PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT.”

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the Bonds, [Barthe & Wahrman, PA] (the “Verification Agent”), will deliver a report stating that it has reviewed and confirmed the mathematical accuracy of certain computations relating to the adequacy of the funds and/or securities deposited in the Prior Bonds Escrow Fund and the interest thereon, if any, to pay, when due, the redemption price and interest on the Prior Bonds on the specified respective payment or redemption dates thereof.

FINANCIAL ADVISOR

The City has retained Comer Capital Group, LLC, of Jackson, Mississippi, as financial advisor (the “Financial Advisor”) in connection with the issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

Corner Capital Group, LLC is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities.

UNDERWRITING OF THE BONDS

Pursuant to the terms of a Bond Purchase Contract dated November __, 2015 (the “Purchase Agreement”), among the Authority, the City and _____ (the “Underwriter”), the Underwriter will purchase all of the Bonds, if any are purchased. The Underwriter purchased the Bonds, at a price of \$_____ (representing the aggregate principal amount of the Bonds, plus a net original issue premium in the amount of \$_____ less an Underwriter’ discount in the amount of \$_____).

The Purchase Agreement provides that the Underwriter will purchase all of the Bonds, if any are purchased. The obligation of the Underwriter to make such purchase and accept delivery of the Bonds is subject to various conditions contained in the Purchase Agreement.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside front cover page of this Official Statement, which offering prices may subsequently change without any requirement of prior notice.

ADDITIONAL INFORMATION

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. This Official Statement is not to be construed as a contract or agreement between the City, the Authority and the purchaser of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority since the date hereof.

INVESTMENT CONSIDERATIONS

The financial condition of the City as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the City's control. There can be no assurance that adverse events in the State and in other jurisdictions of the country, including, for example, the seeking by a municipality or a large ad valorem taxpayer of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of, and the market for, the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions or in other jurisdictions of the country thereby further impacting the acceptability of obligations issued by borrowers with the State, both the ability of the City to arrange for additional borrowings, and the market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The Bonds, like most obligations of state and local governments, are subject to changes in value due to changes in the condition of the municipal bond market or changes in the financial condition of the City. It is possible under certain market conditions, or if the financial condition of the City should change, that the market price of the Bonds could be adversely affected.

MISCELLANEOUS INFORMATION

References are made herein to certain documents, reports and laws that are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents, reports and laws for full and complete statements of the contents thereof. Copies of documents referred to herein are available upon written request from the City: 205 South Willowbrook Avenue, Compton, CA 90220. The City may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract or agreement between the Authority (or the City) and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Board of Directors of the Authority and approved by the City.

COMPTON PUBLIC FINANCE AUTHORITY

By: _____
Executive Secretary

CITY OF COMPTON

By: _____
Roger L. Haley, City Manager

APPENDIX A
CITY FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

APPENDIX B-1

**CITY OF COMPTON UNAUDITED FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

#18.

APPENDIX B-2

**CITY OF COMPTON UNAUDITED FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

APPENDIX B-3

**CITY OF COMPTON UNAUDITED FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

#18.

APPENDIX B-4

**CITY OF COMPTON UNAUDITED FINANCIAL REPORT
FOR THE MONTH OF JUNE 2014**

APPENDIX B-5

**CITY OF COMPTON UNAUDITED FINANCIAL REPORT
FOR THE MONTH OF SEPTEMBER 2015**

#18.

APPENDIX C

**SUMMARY OF CERTAIN PROVISIONS OF
PRINCIPAL LEGAL DOCUMENTS – CERTAIN DEFINITIONS**

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

#18.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX F

DTC AND BOOK-ENTRY ONLY SYSTEM

#18.

APPENDIX G

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

31798886v2

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is dated and made as of August 1, 2016 by and between the City of Compton (the “City”) and U.S. Bank National Association, as dissemination agent (the “Dissemination Agent”) in connection with the issuance of the \$_____ Compton Public Finance Lease Revenue Bonds (the “Series 2016 Bonds”). All capitalized terms not otherwise defined in this Disclosure Agreement, shall have the respective meanings set forth in the Trust Agreement dated as of August 1, 2016 (the “Trust Agreement”) executed by the City. In connection therewith, the City and the Dissemination Agent agree as follows:

ARTICLE I THE DISCLOSURE AGREEMENT

Section 1.1 Purpose. This Disclosure Agreement is being entered into and delivered by the City and the Dissemination Agent for the benefit of the Owner of the Series 2016 Bonds, or if the Series 2016 Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system (collectively, the “Holders”) and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2016 Bonds (including persons holding Series 2016 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2016 Bonds for federal income tax purposes (collectively, the “Beneficial Owners”) of the Series 2016 Bonds.

Section 1.2 Listed Event Notices. If a Listed Event (defined herein) occurs, the City shall provide or cause to be provided by the Dissemination Agent, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event to the Municipal Securities Regulatory Board (the “MSRB”) through its Electronic Municipal Market Access System (EMMA), a service of the MSRB, now the only nationally recognized municipal securities information depository, and to the Trustee. For purposes of this Disclosure Agreement, “Business Day” means any day of the year other than Saturday or Sunday or any other day on which banks in New York, New York, Seattle, Washington, or Los Angeles, California are not authorized or obligated by law or executive order to close and on which the New York Stock Exchange is not closed. The following events are each a “Listed Event” with respect to the Series 2016 Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Modifications to rights of Holders, if material;
4. Bond calls, if material and tender offers;
5. Defeasances;
6. Rating changes;

#18.

7. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Series 2016 Bonds, or other material events affecting the tax status of the Series 2016 Bonds;

8. Release, substitution or sale of property securing repayment of the Series 2016 Bonds, if material;

9. Bankruptcy, insolvency, receivership or similar event of the City (such event is considered to occur when any of the following occur; the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;

10. Substitution of credit or liquidity providers, or their failure to perform;

11. Unscheduled draws on debt service reserves;

12. Unscheduled draws on credit enhancement;

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

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

15. Any amendment or waiver of a provision of this Disclosure Agreement.

[The City notes that items 6, 8, 10, 11 and 12 are not applicable to the Series 2016 Bonds.] The Dissemination Agent shall promptly advise the City whenever, in the course of performing its duties as Trustee (defined herein) under the Trust Agreement, dated as of July 1, 2016 (the "Trust Agreement"), by and between the City and U.S. Bank National Association, as trustee (the "Trustee"), the Trustee has actual notice of an occurrence which, if material, would require the City to provide a Listed Event Notice hereunder; provided, however, that the failure of the Trustee to advise the City shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Disclosure Agreement or the Trust Agreement.

Section 1.3 Additional Disclosure Obligations. The City acknowledges and understands that other State and federal laws, including but not limited to the Securities Act of

1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City and that, under some circumstances, compliance with this Disclosure Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the City under such laws.

Section 1.4 Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

Section 1.5 No Previous Non-Compliance. The City represents that in the previous five years it has not failed to comply in any material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule except as otherwise disclosed in the Limited Offering Memorandum dated June 24, 2016 relating to the Series 2016 Bonds.

ARTICLE II OPERATING RULES

Section 2.1 CUSIP Numbers. Whenever providing information to the MSRB, including but not limited to Listed Event Notices the City shall indicate the full name of the Series 2016 Bonds and the 9-digit CUSIP number for such Series 2016 Bonds as to which the provided information relates.

Section 2.2 Transmission of Information and Notices. Unless otherwise required by law and, in the City's sole determination, subject to technical and economic feasibility, the City shall employ such methods of information and notice transmission as shall be requested or recommended by the herein designated recipients of the City's information and notices.

Section 2.3 Fiscal Year. The City's Fiscal Year currently begins July 1 and ends on the next succeeding June 30, and the City shall promptly notify (i) the MSRB and (ii) the Trustee of each change in its Fiscal Year.

Section 2.4 Filing with Certain Dissemination Agents. The City may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the City under this Disclosure Agreement, and revoke or modify any such designation.

ARTICLE III TERMINATION, AMENDMENT AND ENFORCEMENT

Section 3.1 Effective Date; Termination. The obligations of the City and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2016 Bonds. If such termination occurs

prior to the final maturity of the Series 2016 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 1.2 hereof.

Section 3.2 No applicability. This Disclosure Agreement, or any provision hereof, shall be null and void in the event that the City and the Dissemination Agent (1) receive an opinion of Butler Snow LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the City and the Dissemination Agent, to the effect that those portions of the Rule which require this Disclosure Agreement, or any of the provisions hereof, do not or no longer apply to the Series 2016 Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

Section 3.3 Amendment.

(a) This Disclosure Agreement may be amended by the City and the Dissemination Agent without the consent of the Holders of the Series 2016 Bonds (except to the extent required under clause 3.3(a)(4)(ii) hereof), if all of the following conditions are satisfied:

1. such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the City or the type of business conducted thereby;

2. this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

3. the City and the Dissemination Agent shall have received an opinion of Butler Snow LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the City and the Dissemination Agent, to the same effect as set forth in clause 3.3(a)(2) above;

4. either (i) the City and the Dissemination Agent shall have received an opinion of Butler Snow LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the City and the Dissemination Agent, to the effect that the amendment does not materially impair the interests of the holders of the Series 2016 Bonds or (ii) the amendment is approved by the Holders of the Series 2016 Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders; and

5. the City shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 3.3(a) above, this Disclosure Agreement may be amended and any provision of this Disclosure Agreement may be waived, by written certificate

of the City, without the consent of the Holders of the Series 2016 Bonds, with the consent of the Dissemination Agent, if all of the following conditions are satisfied:

1. an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Disclosure Agreement which is applicable to this Disclosure Agreement;

2. the City and the Dissemination Agent shall have received an opinion of Butler Snow LLP or other nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the City and the Dissemination Agent, to the effect that performance by the City under this Disclosure Agreement as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and

3. the Dissemination Agent shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment in the Listed Event Notice, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Listed Event under Section 1.2 hereof.

Section 3.4 Benefit; Third-Party Beneficiaries; Enforcement.

(a) The provisions of this Disclosure Agreement shall constitute a contract with and inure solely to the benefit of the Holders of the Series 2016 Bonds, except that beneficial owners of Series 2016 Bonds shall be third-party beneficiaries of this Disclosure Agreement.

(b) Except as expressly provided in this subsection (b), the provisions of this Disclosure Agreement shall create no rights in any person or entity. The obligations of the City to comply with the provisions of this Disclosure Agreement shall be enforceable, in the case of enforcement of obligations to provide notices, by the Dissemination Agent on behalf of the Holders of Outstanding Series 2016 Bonds. The Holders' and Dissemination Agent's rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance, by any Holder of Series 2016 Bonds. Such Holders' rights to enforce the provisions of this Disclosure Agreement and the City's obligations under this Disclosure Agreement shall be limited solely to an action to compel performance. In consideration of the third party beneficiary status of beneficial owners of Series 2016 Bonds pursuant to subsection (a) of this Section, Beneficial Owners shall be deemed to be holders of Series 2016 Bonds for purposes of this subsection (b).

(c) Any failure by the City or the Dissemination Agent to perform in accordance with this Disclosure Agreement shall not constitute a default or an Event of Default

under the Trust Agreement, and the rights and remedies provided by the Trust Agreement upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Disclosure Agreement shall be construed and interpreted in accordance with the laws of the State; provided, however, that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof. If any party initiates any legal or equitable action to enforce the terms of this Disclosure Agreement, to declare the rights of any party under this Disclosure Agreement or which relates to this Disclosure Agreement in any manner, each such party agrees that the place of making and for performance of this Disclosure Agreement shall be Los Angeles, California, the State of California, and the proper venue for any such action is the Superior Court of the State of California, in and for the City of Compton.

ARTICLE IV MISCELLANEOUS

Section 4.1 Duties, Immunities and Liabilities of Dissemination Agent. Article 3 and Article 4 of the Trust Agreement are hereby made applicable to this Agreement as if this Disclosure Agreement were, solely for this purpose, contained in the Trust Agreement. The Dissemination Agent shall have only such duties under the Disclosure Agreement as are specifically set forth in this Disclosure Agreement and, to the extent allowable by law, the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless from and against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct in the performance of its duties hereunder. Such indemnity shall be separate from and in addition to that provided to the Trustee under the Trust Agreement. The Dissemination Agent has no power to enforce performance on the part of the City. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2016 Bonds.

Section 4.2 Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision hereof.

Section 4.3 Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms hereof shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining agreements, conditions, covenants or terms hereof shall be affected thereby, and each provision of this Disclosure Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 4.4 Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4.5 Governing Law. This Disclosure Agreement shall be construed in accordance with and governed by the laws of the State of California.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Disclosure Agreement as of the date first written above.

#18.

CITY OF COMPTON

By: _____
Roger L. Haley, City Manager

APPROVED AS TO FORM:

By: _____
Craig J. Cornwell, City Attorney

[Signature Page to Continuing Disclosure Agreement]

U.S. BANK NATIONAL ASSOCIATION,
as Dissemination Agent

By: _____
Name: Greg E. Skutnik
Title: Assistant Vice President

[Counterpart Signature Page to Continuing Disclosure Agreement]

FACILITY LEASE

by and between

COMPTON PUBLIC FINANCE AUTHORITY

and the

CITY OF COMPTON, CALIFORNIA

Dated as of AugustAugust 1, 2016

THE INTEREST OF THE COMPTON PUBLIC FINANCE AUTHORITY IN THIS FACILITY LEASE HAS BEEN ASSIGNED AND PLEDGED TO U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE, UNDER A TRUST AGREEMENT DATED AS OF AUGUST 1, 2016, AND PURSUANT TO AN ASSIGNMENT OF RENTS AND LEASES DATED AS OF MARCH 1, 2016, AS SECURITY FOR THE PAYMENT OF THE HEREIN REFERENCED BONDS.

THIS TRANSACTION IS EXEMPT FROM FILING FEES PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 6103 AND TRANSFER TAXES PURSUANT TO CALIFORNIA REVENUE AND TAXATION CODE SECTION 11928.

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FACILITY LEASE

This Facility Lease, dated as of August 1, 2016, by and between COMPTON PUBLIC FINANCING AUTHORITY (the "Authority"), a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California, as lessor, and the CITY OF COMPTON, CALIFORNIA (the "City"), a charter city duly organized and existing under the Constitution and laws of the State of California, as lessee;

WITNESSETH:

WHEREAS, the City heretofore caused to be executed and delivered the Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Capital Projects) Series 2008 bonds (the "Prior Bonds") in the aggregate principal amount of \$_____. The Prior Bonds were executed and delivered pursuant to a Trust Agreement (the "2008 Trust Agreement"), dated May 1, 2008, by and among U.S Bank National Association, as trustee, the City and the Authority. Proceeds of the Prior Bonds were issued to fund various capital projects and to prepay and defease certain certificates of participation (the "Refunded Certificates");

WHEREAS, the City has determined it is in the best interest of the City to refund and defease a portion of the Prior Bonds;

WHEREAS, the Authority intends to assist the City in refunding and defeasing a portion of the Prior Bonds by issuing its Lease Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds") pursuant to a Trust Agreement, dated as of February __, 2016 (as amended from time to time, the "Trust Agreement") by and between the Authority and U.S. Bank National Association, as trustee (together with any successor thereto, the "Trustee") and acknowledged by the City;

WHEREAS, pursuant to an Escrow Agreement, dated as of August 1, 2016 (the "Escrow Agreement"), by and among the City, the Authority and the Trustee, proceeds of the Series 2016 Bonds, Prior Bonds Debt Service Reserve Fund and any other funds available under the Prior Bond's Trust Agreement and certain other funds are to be deposited into an escrow fund (the "Escrow Fund") and irrevocably pledged to refund and defease the Prior Bonds;

[**WHEREAS**, upon such deposit fee title to the Facilities (as hereinafter defined) will vest in the City;]

WHEREAS, the City will lease to the Authority the Facilities, pursuant to the Site Lease between the City and the Authority, dated as of August 1, 2016;

WHEREAS, the City will lease back the Facilities from the Authority pursuant to the terms of this Facility Lease;

WHEREAS, under this Facility Lease, the City will be obligated to make base rental payments to the Authority for the lease of the Facilities and such other facilities as may from time to time be leased hereunder;

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto agree as follows:

ARTICLE I.**DEFINITIONS****SECTION 1.01 Definitions.**

Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms herein defined. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Trust Agreement.

Additional Payments

The term "Additional Payments" means all amounts payable to the Authority or the Trustee or any other person from the City as Additional Payments pursuant to Section 3.02 hereof.

Authority

The term "Authority" means (i) Compton Public Finance Authority, acting as lessor hereunder; (ii) any surviving, resulting or transferee entity; and (iii) except where the context requires otherwise, any assignee of the Authority.

Base Rental Payments

The term "Base Rental Payments" means all amounts payable to the Authority from the City as Base Rental Payments pursuant to Section 3.01 hereof.

Base Rental Payment Schedule

The term "Base Rental Payment Schedule" means the schedule of Base Rental Payments payable to the Authority from the City pursuant to Section 3.01 hereof and attached hereto as Exhibit B.

City

The term "City" means City of Compton, California, a charter city duly organized and existing under the Constitution and laws of the State of California.

Demised Premises

The term "Demised Premises" means that certain real property situated in the City of Compton, State of California, described in Exhibit A attached hereto and made a part hereof, together with any additional real property added thereto or substituted therefor in accordance with this Facility Lease and the Trust Agreement by any supplement or amendment hereto; subject, however, to any conditions, reservations, and easements of record or known to the City.

Event of Default

The term "Event of Default" shall have the meaning specified in Section 6.01 hereof.

Facilities

The term "Facilities" shall mean the Demised Premises, the City Hall and Council Chambers, Fire Station No. 1, Fire Station No. 2, Fire Station No. 3 and Fire Station No. 4, other improvements and facilities, added thereto or substituted therefor, or any portion thereof, in accordance with this Facility

Lease and the Trust Agreement as set forth more fully in Exhibit A hereto; subject, however, to any conditions, reservations and easements of record known to the City.

Facility

The term "Facility" means a component of the Facilities located on a separate parcel from the remaining Facilities.

Lease

The term "Lease" or "Facility Lease" means this lease, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof and of the Trust Agreement.

2008 Project

The term "2008 Project" means i) the various capital projects of the City initially identified in the 2008 Trust Agreement, and payment of any costs associated with financing of said projects, as set forth in Exhibit C hereto, including, but not limited to, improvements to Compton City Hall, design, construction and equipping a senior citizen support center, various improvements to the City's parks, construction of a transit center parking structure, purchase and installation of police surveillance cameras throughout the City and various other capital improvements and equipment within the City, and any amendments thereto from time to time identified by a Certificate of the City delivered to the Trustee, together with an approving resolution of the City Council and ii) those other payments, including debt service payments, authorized to be made from proceeds of 2008 Bonds as evidenced by resolutions of the City Council.

2008 Bonds

The term "2008 Bonds" or "Prior Bonds" means the Bonds designated "Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Capital Projects), Series 2008" issued by the Authority under and pursuant to the 2008 Trust Agreement.

Rental Payment Period

The term "Rental Payment Period" means the twelve month period commencing January 1 of each year and ending the following December 31, and the initial period commencing on the effective date hereof and ending the following December 31.

Trust Agreement

The term "Trust Agreement" means the trust agreement, dated as of August 1, 2016, by and between the Trustee and the Authority and acknowledged by the City, pursuant to which the Trustee will execute and deliver the Series 2016 Bonds, as originally executed or as it may from time to time be supplemented, modified or amended by a Supplemental Trust Agreement entered into pursuant to the provisions of the Trust Agreement.

ARTICLE II.

LEASE OF DEMISED PREMISES AND FACILITIES AND PROJECT; TERM

SECTION 2.01 Lease of Facilities. The Authority hereby leases to the City and the City hereby leases from the Authority the Facilities, including the Demised Premises, subject, however, to all easements, encumbrances, and restrictions that exist at the time of the commencement of the term of this

Lease. The Facilities consist of a number of City properties and the sites thereof as described in Exhibit A hereto. The Facilities include site development, landscaping, utilities, equipment, furnishings, improvements and appurtenant and related facilities located on the Demised Premises. Each of the Facilities is essential to the operation of the City. The City hereby agrees and covenants during the term of this Lease that, except as hereinafter provided, it will use the Facilities for public and City purposes so as to afford the public the benefits contemplated by this Lease.

SECTION 2.02 Term; Occupancy. The term of this Lease shall commence on the date of recordation of this Lease in the office of the County Recorder of County of Los Angeles, State of California, or on _____, 2016, whichever is earlier, and shall end on December 31, ____, unless such term is extended or sooner terminated as hereinafter provided. If on such date, the Bonds corresponding to the Base Rental Payments attributable to the related Facility and all other amounts then due hereunder with respect to such Facility shall not be fully paid, or if the rental payable hereunder with respect to such Facility shall have been abated at any time and for any reason, then the term of this Lease with respect to such Facility shall be extended until all Bonds corresponding to the Base Rental Payments attributable to such Facility and all other amounts then due hereunder with respect to such Facility shall be fully paid, except that the term of this Lease as to the respective Facilities shall in no event be extended beyond ten (10) years after such respective initial termination date. If prior to such date, all Bonds corresponding to the Base Rental Payments attributable to the related Facility and all other amounts then due hereunder with respect to such Facility shall be fully paid, or provision therefor made, the term of this Lease with respect to such Facility shall end ten (10) days thereafter or upon written notice by the City to the Authority, whichever is earlier (the "Extended Term").

SECTION 2.03 Substitution. The City and the Authority may substitute real property as part of the Facilities for purposes of the Facility Lease, but only after the City shall have received the written consent of the Bond Insurer and shall have filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

(a) Executed copies of the Facility Lease or amendments thereto containing the amended description of the Facilities, including the Demised Premises, including the legal description of the Demised Premises as modified if necessary.

(b) A Certificate of the City with copies of the Facility Lease, if needed, or amendments thereto containing the amended description of the Facilities stating that such documents have been duly recorded in the official records of the County Recorder of the County of Los Angeles.

(c) A Certificate of the City, together with an appraisal performed by an independent appraiser, evidencing that the annual fair rental value of the Facilities which will constitute the Facilities after such substitution will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending December 31 or in any subsequent year ending December 31.

(d) A Certificate of the City stating that, based upon review of such instruments, certificates or any other matters described in such Certificate of the City, the City has good merchantable title to the Facilities which will constitute the Facilities after such substitution. The term "Good Merchantable Title" shall mean such title as is satisfactory and sufficient for the needs and operations of the City.

(e) A Certificate of the City stating that such substitution does not adversely affect the City's use and occupancy of the Facilities.

(f) An Opinion of Counsel (as such term is defined in the Trust Agreement) stating that such amendment or modification (i) is authorized or permitted by the Constitution and laws of the State and the Trust Agreement; (ii) complies with the terms of the Constitution and laws of the State and of the Trust Agreement; (iii) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and (iv) will not cause the interest on the Bonds to be included in gross income for federal income tax purposes.

ARTICLE III.

RENTAL PAYMENTS; USE OF PROCEEDS

SECTION 3.01 Base Rental Payments. The City agrees to pay to the Authority, as Base Rental Payments for the use and occupancy of the Facilities, including the Demised Premises (subject to the provisions of Sections 3.04, 3.06 and 7.01 of this Lease) annual rental payments with principal and interest components, the interest components being payable semi-annually, in accordance with the Rental Payment Schedule attached hereto as Exhibit B and made a part hereof. Base Rental Payments shall be calculated on an annual basis, for the twelve-month periods commencing on January 1 and ending on December 31, and each annual Base Rental shall be divided into two interest components, due on January 1 and July 1, and one principal component, due on January 1, except that the first Base Rental Payment period commences on the date of recordation of the Facility Lease and ends on December 31, 2016. Each Base Rental Payment installment shall be payable on the fifteenth (15th) day of the month immediately preceding its due date. The interest components of the Base Rental Payments shall be paid by the City as and constitute interest paid on the principal components of the Base Rental Payments to be paid by the City hereunder, computed on the basis of a 360-day year composed of twelve 30-day months. Each annual payment of Base Rental (to be payable in installments as aforesaid) shall be for the use of the Facilities, including the Demised Premises.

If the term of this Lease shall have been extended pursuant to Section 2.02 hereof, Base Rental Payment installments shall continue to be due on January 1 and July 1 in each year, and payable prior thereto as hereinabove described, continuing to and including the date of termination of this Lease. Upon such extension of this Lease, the City shall deliver to the Trustee a Certificate setting forth the extended rental payment schedule, which schedule shall establish the principal and interest components of the Base Rental Payments so that the principal components will in the aggregate be sufficient to pay all unpaid principal components with interest components sufficient to pay all unpaid interest components plus interest.

If at any time the Base Rental Payments provided for hereunder shall not have been paid by the City, for any reason whatsoever, and no other source of funds shall have been available to make the payments of principal and interest on the Bonds, the principal and interest components of the Base Rental Payments shall be recalculated by the City to reflect interest on the unpaid principal components at the rate or rates specified in the Trust Agreement and to pay Reserve Facility Costs as provided in the agreement with respect to the Reserve Facility, and a revised Exhibit B to this Facility Lease shall be prepared by the City and supplied to the Authority and the Trustee reflecting such reallocation.

SECTION 3.02 Additional Payments. The City shall also pay such amounts (herein called the "Additional Payments") as shall be required by the Authority for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of this Lease or any pledge of Base Rental payable under, the Trust Agreement, the Reserve Facility, its interest in the Demised Premises and the lease of the Facilities to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Demised Premises, the Facilities, including, without limiting the generality of the foregoing, salaries and wages of

employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Trust Agreement; but not including in Additional Payments amounts required to pay the principal of or interest on the Bonds or the portion of the Reserve Facility Costs related thereto.

Such Additional Payments shall be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. Amounts so billed shall be paid by the City to the billing party within 30 days after receipt of the bill by the City. The City reserves the right to audit billings for Additional Payments although exercise of such right shall in no way affect the duty of the City to make full and timely payment for all Additional Payments.

The Authority has issued and may in the future issue bonds and has entered into and may in the future enter into leases to finance facilities other than the Facilities. The administrative costs of the Authority shall be allocated among said facilities and the Facilities, as hereinafter in this paragraph provided. The fees of the Trustee under the Trust Agreement, and any other expenses directly attributable to the Facilities shall be included in the Additional Payments payable hereunder. The fees of any trustee or paying agent under any indenture securing bonds of the Authority or any trust agreement other than the Trust Agreement, and any other expenses directly attributable to any facilities other than the Facilities, shall not be included in the administrative costs of the Facilities and shall not be paid from the Additional Payments payable hereunder. Any expenses of the Authority not directly attributable to any particular project of the Authority shall be equitably allocated among all such projects, in accordance with sound accounting practice. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Authority to consider the question and render an opinion thereon, shall be a final and conclusive determination as to such allocation. The Trustee may conclusively rely upon the Written Request of the Authority, with the approval of the City Treasurer, or by an Authorized Officer of the City, or a duly authorized representative of the City, endorsed thereon, in making any determination that costs are payable as Additional Payments hereunder, and shall not be required to make any investigation as to whether or not the items so requested to be paid are expenses of operation of the Facilities.

SECTION 3.03 Fair Rental Value. Such payments of Base Rental Payments and Additional Payments for each rental period during the term of this Lease shall constitute the total rental for said rental period and shall be paid by the City in each rental payment period for and in consideration of the right of use and occupancy of, and continued quiet use and enjoyment of, the Facilities, including the Demised Premises during each such period for which said rental is to be paid. The parties hereto have agreed and determined that such total rental payable for each twelve-month period beginning January 1 represents the fair rental value of the Facilities, including the Demised Premises for each such period. In making such determination, consideration has been given to the appraised value of the Facilities, costs of acquisition, design, construction and financing of the Facilities, other obligations of the parties under this Lease, the uses and purposes which may be served by the Facilities and the benefits therefrom which will accrue to the City and the general public.

SECTION 3.04 Payment Provisions. Each installment of rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the designated corporate trust office of the Trustee, or such other place as the Authority shall designate. Any such installment of rental accruing hereunder which shall not be paid when due and payable under the terms of this Lease shall bear interest at the rate of twelve percent (12%) per annum, or such lesser rate of

interest as may be permitted by law, from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between the Authority and the City, the City shall make all rental payments when due without deduction or offset of any kind and shall not withhold any rental payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent rental payments due hereunder or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to this Section on any date shall be reduced to the extent of amounts on deposit in the Revenue Fund, the Interest Account or the Principal Account and available therefor.

All payments received shall be applied first to the interest components of the Base Rental Payments due hereunder, then to the principal components of the Base Rental Payments due hereunder and thereafter to all Additional Payments due hereunder, but no such application of any payments which are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

Rental is subject to abatement as provided in Section 3.06 hereof.

Nothing contained in this Lease shall prevent the City from making from time to time contributions or advances to the Authority for any purpose now or hereafter authorized by law, including the making of repairs to, or the restoration of, the Facilities in the event of damage to or the destruction of the Facilities. Any such contributions so made shall not reduce the Base Rental Payments due in accordance with the schedule set for in Exhibit B.

SECTION 3.05 Appropriations Covenant. The City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due hereunder in its annual budgets, to make necessary annual appropriations for all such Base Rental Payments and Additional Payments as shall be required to provide sufficient funds in such year for such Base Rental Payments and Additional Payments. The City will deliver to the Authority and the Trustee within sixty (60) days of adoption of the City budget a Certificate of the City stating that the budget as adopted appropriates all moneys necessary for the payment of Base Rental Payments and Additional Payments hereunder. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this Lease agreed to be carried out and performed by the City.

The Authority and the City understand and intend that the obligation of the City to pay Base Rental Payments and Additional Payments hereunder shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of the City. Base Rental Payments and Additional Payments due hereunder shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other payments due hereunder as consideration for use of the Facilities. This Lease shall not create an immediate indebtedness for any aggregate payments which may become due hereunder in the event that the term of the Lease is continued. The City has not pledged the full faith and credit of the City, the State of California or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due hereunder.

SECTION 3.06 Rental Abatement. The Base Rental Payments and Additional Payments shall be abated proportionately during any period in which by reason of any damage or destruction (other

than by condemnation which is hereinafter provided for) there is substantial interference with the use and occupancy of the Facilities by the City, in the proportion in which the initial cost of that portion of the Facilities rendered unusable bears to the initial cost of the whole of the Facilities, including the Demised Premises, but in no event in an amount in excess of the proceeds of any rental interruption insurance paid as a result of the substantial interference with the use and occupancy of the Facilities. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this Lease shall continue in full force and effect and the City waives any right to terminate this Lease by virtue of any such damage or destruction. During such abatement of Base Rental Payments and Additional Payments the City shall utilize the proceeds of rental interruption or use and occupancy insurance as provided for in Section 5.03 hereof in an amount at least equal to the amount of abated Base Rental Payments during such abatement. Nothing contained herein shall prohibit the City from utilizing any funds lawfully available for Base Rental Payments during any period of abatement.

SECTION 3.07 Use of Proceeds. The parties hereto agree that the proceeds of the Series 2016 Bonds will be used to refund and defease a portion of the Prior Bonds, to establish the Reserve Fund referred to in the Trust Agreement and to pay certain costs of issuing the Series 2016 Bonds and incidental and related expenses.

ARTICLE IV.

MAINTENANCE; ALTERATIONS AND ADDITIONS

SECTION 4.01 Maintenance and Utilities. During such time as the City is in possession of the Facilities, all maintenance and repair, both ordinary and extraordinary, of the Facilities shall be the responsibility of the City, which shall at all times maintain or otherwise arrange for the maintenance of the Facilities in first class condition, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Facilities, which may include, without limitation, janitorial service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Facilities resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Facilities. In exchange for the rental herein provided, the Authority agrees to provide only the Facilities, including the Demised Premises.

SECTION 4.02 Changes to the Facilities. Subject to Section 8.02 hereof, the City shall, at its own expense, have the right to remodel the Facilities or to make additions, modifications and improvements to the Facilities, including the Demised Premises. All such additions, modifications and improvements shall thereafter comprise part of the Facilities and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage the Facilities or cause them to be used for purposes other than those authorized under the provisions of state and federal law; and the Facilities, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements.

SECTION 4.03 Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Facilities, including the Demised Premises. All such items shall remain the sole property of such party, in which neither the Authority nor the Trustee shall have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Facilities resulting from the installation,

modification or removal of any such items. Nothing in this Lease shall prevent the City from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Facilities or the Demised Premises.

ARTICLE V.

INSURANCE

SECTION 5.01 Fire and Extended Coverage Insurance. The City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Lease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance and earthquake insurance, if available on the open market from reputable insurance companies at a reasonable cost, as determined by the City. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed \$250,000 or comparable amount adjusted for inflation or more in the case of earthquake insurance), or, in the alternative, shall be in an amount and in a form sufficient (together with moneys held under the Trust Agreement), in the event of total or partial loss, to enable all outstanding Bonds to be redeemed.

In the event of any damage to or destruction of any part of the Facilities, caused by the perils covered by such insurance, the Authority, except as hereinafter provided, shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee shall hold said proceeds separate and apart from all other funds, in a special fund to be designated the "Insurance and Condemnation Fund," to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as they were in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall permit withdrawals of said proceeds from time to time upon receiving the Written Request of the Authority, stating that the Authority has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such moneys were expended, or such liabilities were incurred. Any balance of said proceeds not required for such repair, reconstruction or replacement shall be treated by the Trustee as Base Rental Payments and applied in the manner provided by Section [5.02] of the Trust Agreement. Alternatively, the Authority, at its option, with the written consent of the City, and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to redeem an aggregate principal amount of outstanding Bonds, equal to the amount of Base Rental Payments attributable to the portion of the Facilities so destroyed or damaged (determined by reference to the proportion which the cost of such portion of the Facilities bears to the cost of the Facilities), may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon shall cause said proceeds to be used for the redemption of outstanding Bonds pursuant to the provisions of the Trust Agreement.

The Authority and the City shall promptly apply for Federal disaster aid or State of California disaster aid in the event that the Facilities are damaged or destroyed as a result of an earthquake occurring at any time. Any proceeds received as a result of such disaster aid shall be used to repair, reconstruct,

restore or replace the damaged or destroyed portions of the Facilities, or, at the option of the City and the Authority, to redeem outstanding Bonds if such use of such disaster aid is permitted.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the City may provide a self insurance method or plan of protection if and to the extent such self insurance method or plan of protection shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the City. So long as such method or plan is being provided to satisfy the requirements of this Lease, there shall be filed annually with the Trustee a statement of an actuary, insurance consultant or other qualified person (which may be the City Manager of the City), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable coverage for the risks required to be insured against. There shall also be filed a Certificate of the City setting forth the details of such substitute method or plan. In the event of loss covered by any such self insurance method, the liability of the City hereunder shall be limited to the amounts in the self insurance reserve fund or funds created under such method.

SECTION 5.02 Liability Insurance. Except as hereinafter provided, the City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Lease, a standard comprehensive general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Facilities, with minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$200,000 for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other Liability insurance carried by the City.

As an alternative to providing the insurance required by the first paragraph of this Section, or any portion thereof, the City may provide a self insurance method or plan of protection if and to the extent such self insurance method or plan of protection shall afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the City. So long as such method or plan is being provided to satisfy the requirements of this Lease, there shall be filed annually with the Trustee a statement of an actuary, independent insurance consultant or other qualified person (which may be the City Manager of the City), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There shall also be filed a Certificate of the City setting forth the details of such substitute method or plan.

SECTION 5.03 Rental Interruption or Use and Occupancy Insurance. The City shall procure or cause to be procured and maintain or cause to be maintained, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facilities as the result of any of the hazards covered by the insurance required by Section 5.01 hereof (provided with respect to earthquake insurance, only if available on the open market from reputable insurance companies at a reasonable cost, as determined by the City), in an amount sufficient to pay the part of the total rent hereunder attributable to the portion of the Facilities rendered unusable (determined by reference to the proportion which the cost of such portion bears to the cost of the Facilities) for a period of at least two

years, except that such insurance may be subject to a deductible clause of not to exceed two hundred fifty thousand dollars (\$250,000) or a comparable amount adjusted for inflation (or more in the case of earthquake coverage). Any proceeds of such insurance shall be used by the Trustee to reimburse to the City any rental theretofore paid by the City under this Lease attributable to such structure for a period of time during which the payment of rent under this Lease is abated, and any proceeds of such insurance not so used shall be applied as provided in Section 3.01 (to the extent required for the purposes of Base Rental Payments) and in Section 3.02 (to the extent required for the payment of Additional Payments) and any remainder shall be treated as Revenue under the Trust Agreement.

SECTION 5.04 Worker's Compensation. The City shall also maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the City. Such insurance may be maintained by the City in the form of self-insurance.

SECTION 5.05 Title Insurance. The City shall obtain, for the benefit of the Authority, upon the execution and delivery of this Lease title insurance on the Demised Premises, in an amount equal to the aggregate principal amount of the Series 2016 Bonds, issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances, as defined in the Trust Agreement.

SECTION 5.06 Insurance Proceeds; Form of Policies. All policies of insurance required by Sections 5.01 and 5.03 hereof shall name the City, the Authority and the Trustee as insured and shall contain a lender's loss payable endorsement in favor of the Trustee substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association. The Trustee shall, to the extent practicable, collect, adjust and receive all moneys which may become due and payable under any such policies, may compromise any and all claims thereunder and shall apply the proceeds of such insurance as provided in Sections 5.01 and 5.03. All policies of insurance required by this Lease shall provide that the Trustee and the Bond Insurer shall be given thirty (30) days notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the City. The City shall pay when due the premiums for all insurance policies required by this Lease, and shall promptly furnish evidence of such payments to the Authority, the Trustee and the Bond Insurer.

The City will deliver to the Authority and the Trustee and the Bond Insurer on or before January 15 in each year a written Certificate of an officer of the City stating whether such policies satisfy the requirements of this Lease, setting forth the insurance policies then in force pursuant to this Article, the names of the insurers which have issued the policies, the amounts thereof and the property and risks covered thereby, and, if any self-insurance program is being provided, the annual report of an actuary, independent insurance consultant or other qualified person containing the information required for such self-insurance program and described in Sections 5.01, 5.02 and 5.04. Delivery to the Trustee of the certificate under the provisions of this Section shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies. If so requested in writing by the Trustee, the City shall also deliver to the Trustee certificates or duplicate originals or certified copies of each insurance policy described in such schedule. The City shall deliver to the Bond Insurer, upon request, a copy of the policy providing for any rental interruption or use and occupancy insurance required by Section 5.03.

Any policies of insurance provided by a commercial insurer to satisfy the requirements of Sections 5.01, 5.02 or 5.03 hereof shall be provided by a commercial insurer rated A or better by Best or in one of the two highest rating categories by S&P.

ARTICLE VI.

DEFAULTS AND REMEDIES

SECTION 6.01 Defaults and Remedies. (a) If the City shall fail to pay any rental payable hereunder when the same becomes due, time being expressly declared to be of the essence of this Lease, or the City shall fail to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the City for a period of sixty (60) days after notice of the same has been given to the City by the Authority or the Trustee or for such additional time as is reasonably required, in the sole discretion of the Authority, to correct the same, or upon the happening of any of the events specified in subsection (b) of this Section (any such failure to pay described in subsection (a) hereof being an "Event of Default"), the City shall be deemed to be in default hereunder and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to this Lease. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Lease in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Facilities as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place located within the City. In the event of such termination, the City agrees to surrender immediately possession of the Facilities, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Facilities given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Facilities nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under this Lease shall of itself operate to terminate this Lease, and no termination of this Lease on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate this Lease. The City covenants and agrees that no surrender of the Facilities or of the remainder of the term hereof or any termination of this Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(2) Without terminating this Lease, (i) to collect each installment of rent as it becomes due and enforce any other terms or provision hereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Facilities, or (ii) to exercise any and all rights of entry and re-entry upon the Facilities. In the event the Authority does not elect to terminate this Lease in the manner provided for in subparagraph (1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, if the Facilities are not re-let, to pay the full amount of the rent to the end of the term of this Lease or, in the event that the Facilities are re-let, to pay any deficiency in

rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry or obtaining possession of the Facilities. Should the Authority elect to enter or re-enter as herein provided, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Facilities, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and to place such personal property in storage in any warehouse or other suitable place located in the City of Compton, California, for (to the extent permitted by law) the account of and at the expense of the City, and the City (to the extent permitted by law) hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such entry or re-entry upon and re-letting of the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Lease constitute full and sufficient notice of the right of the Authority to re-let the Facilities and to do all other acts to maintain or preserve the Facilities as the Authority deems necessary or desirable in the event of such entry or re-entry without effecting a surrender of this Lease, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of this Lease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Lease shall vest in the Authority to be effected in the sole and exclusive manner provided for in sub-paragraph (1) hereof. The City further waives the right to any rental obtained by the Authority in excess of the rental herein specified and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Facilities or any part thereof. The City further agrees to the extent permitted by law to pay the Authority the reasonable cost of any alterations or additions to the Facilities necessary to place the Facilities in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

The City hereby waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Facilities as herein provided and all claims for damages that may result from the destruction of or injury to the Facilities and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Facilities.

(b) If (1) the City's interest in this Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, as hereinafter provided for, or (2) the City or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance

or request of the Authority, or if the City shall make a general or any assignment for the benefit of the City's creditors, or if (3) the City shall abandon or vacate the Facilities, then the City shall be deemed to be in default hereunder.

(c) The Authority shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Authority shall have failed to perform such obligations within sixty (60) days or such additional time as is reasonably required to correct any such default after notice by the City to the Authority properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the City shall be entitled to pursue any remedy provided by law.

(d) In addition to the other remedies set forth in this Section, upon the occurrence of an Event of Default as described in this Section, the Authority shall be entitled to proceed to protect and enforce the rights vested in the Authority by this Lease or by law. The provisions of this Lease and the duties of the City and of its trustees, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority shall have the right to bring the following actions:

(1) Accounting. By action or suit in equity to require the City and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the City (and its board, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided herein.

The exercise of any rights or remedies under this Lease shall not permit acceleration of Base Rental Payments.

Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Authority of the Facilities. If any statute or rule of law validly shall limit the remedies given to the Authority hereunder, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of this Lease, the City agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

SECTION 6.02 Waiver. Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition hereof, or to exercise any rights given the Authority on account of such default. A waiver of a particular

default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Lease.

SECTION 6.03 Assignment. Anything in this Lease notwithstanding, upon the occurrence and continuation of an Event of Default, as defined herein, the Trustee shall be entitled to control and direct the enforcement of all rights and remedies granted to the Authority under this Lease and to exercise any and all remedies available pursuant to law or granted pursuant to this Lease, including, without limitation, the rights set forth in this Article VI. The Authority acknowledges and consent to the Assignment of its rights under this Facility Lease to the Trustee, pursuant to the Assignment of Rents and Leases, dated as of August 1, 2016, by and between the Authority and the Trustee.

ARTICLE VII.

EMINENT DOMAIN; PREPAYMENT

SECTION 7.01 Eminent Domain. If the whole of the Facilities, including the Demised Premises or so much thereof as to render the remainder unusable for the purposes for which it was used by the City shall be taken under the power of eminent domain, the term of this Lease shall cease as of the day that possession shall be so taken. If less than the whole of the Facilities shall be taken under the power of eminent domain and the remainder is usable for the purposes for which it was used by the City at the time of such taking, then this Lease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due hereunder in an amount equivalent to the amount by which the annual payments of principal and interest on the Outstanding Bonds will be reduced by the application of the award in eminent domain to the redemption of outstanding Bonds. So long as any of the Bonds shall be outstanding, any award made in eminent domain proceedings for taking the Facilities, including the Demised Premises or any portion thereof shall be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in Section 7.02. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the to the City.

SECTION 7.02 Prepayment. (a) The City shall prepay on any date from insurance (including proceeds of title insurance) and eminent domain proceeds, to the extent provided in Sections 5.01 and 7.01 hereof (provided, however, that in the event of partial damage to or destruction of the Facilities caused by perils covered by insurance, if in the judgment of the Authority the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, such proceeds shall be held by the Trustee and used to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, pursuant to the procedure set forth in Section 5.01 for proceeds of insurance), all or any part of Base Rental Payments then unpaid so that the aggregate annual amounts of Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional as practicable to the aggregate annual amounts of Base Rental Payments unpaid prior to the prepayment date (taking into account the reduction in Base Rental allocable to future interest on the Bonds that are redeemed), at a prepayment amount equal to the redemption payment of the maximum amount of Bonds, including the principal thereof and the interest thereon to the date of redemption, plus any applicable premium redeemable from such proceeds.

(b) The City may prepay, from any source of available funds, all or any portion of Base Rental Payments by depositing with the Trustee moneys or securities as provided in Article X of the Trust Agreement sufficient to defease Bonds corresponding to such Base Rental Payments when due; provided

that the City furnishes the Trustee with an Opinion of Counsel that such deposit will not cause interest on the Bonds to be includable in gross income for federal income tax purposes. The City agrees that if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(c) Before making any prepayment pursuant to this article, the City shall, within five (5) days following the event creating such right or obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be made, which date shall be not less than forty-five (45) days from the date such notice is given.

(d) When (1) there shall have been deposited with the Trustee at or prior to the due dates of the Base Rental Payments or date when the City may exercise its option to purchase the Facilities or any portion or item thereof, in trust for the benefit of the Owners of the Bonds and irrevocably appropriated and set aside to the payment of the Base Rental Payments or option price, sufficient moneys and Investment Securities described in subsection (1) of the definition thereof in the Trust Agreement, not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal, premium, if any, and interest on the Bonds to the due date of the Bonds or date when the City may exercise its option to purchase the Facilities, as the case may be; (2) all requirements of Section 10.01 of the Trust Agreement have been satisfied; and (3) an agreement shall have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Bonds shall remain unpaid, then and in that event the right, title and interest of the Authority herein and the obligations of the City hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the City to have such moneys and such Investment Securities applied to the payment of the Base Rental Payments or option price) and the Authority's interest in and title to the Facilities or applicable portion or item thereof shall be transferred and conveyed to the City. In such event, the Authority shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the Authority and evidence such discharge and satisfaction, and the Authority shall pay over to the City as an overpayment of Base Rental Payments all such moneys or Investment Securities held by it pursuant hereto other than such moneys and such Investment Securities as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which moneys and Investment Securities shall continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and shall be applied by the Authority to the payment of the Base Rental Payments or the option price and the fees and expenses of the Trustee.

SECTION 7.03 Option to Purchase; Sale of Personal Property. The City shall have the option to purchase the Authority's interest in any part of Facilities, including the Demised Premises upon payment of an option price consisting of moneys or securities of the category specified in clause (1) of the definition of the term Investment Securities contained in Section 1.01 of the Trust Agreement (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the increment, earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of this Lease of the part of the total rent hereunder attributable to such part of the Facilities (determined by reference to the proportion which the cost of such part of the Facilities bears to the cost of all of the Facilities). Any such payment shall be made to the Trustee and shall be treated as rental payments and shall be applied by the Trustee to pay the principal of the Bonds and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all requirements set forth in Section 10.01 of the Trust Agreement, (a) the Base Rental Payments thereafter payable under this Lease shall be reduced by the amount thereof attributable to such part of the Facilities and theretofore

paid pursuant to this Section, (b) Section 3.06 and this Section of this Lease shall not thereafter be applicable to such part of the Facilities, (c) the insurance required by Sections 5.01, 5.02 and 5.03 of this Lease need not be maintained as to such part of the Facilities, and (d) title to such part of the Facilities, including the portion of the Demised Premises upon which such part of the Facilities is located shall vest in the City and the term of this Lease shall end as to Facilities, including the portion of the Demised Premises upon which such part of the Facilities is located.

The City, in its discretion, may request the Authority to sell or exchange any personal property which may at any time constitute a part of the Facilities, and to release said personal property from this Lease, if (a) in the opinion of the City the property to be sold or exchanged is no longer required or useful in connection with the operation of the Facilities, (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released, and (c) if the value of any such property shall, in the opinion of the Authority, exceed the amount of \$100,000, the Authority shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Authority) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Facilities. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released shall be paid to the Authority. Any money so paid to the Authority may, so long as the City is not in default under any of the provisions of this Lease, be used upon the Written Request of the City to purchase personal property, which property shall become a part of the Facilities leased hereunder. If the Authority fails to consent to such Written Request of the City any money so paid to the Authority shall, so long as the City is not in default under any of the provisions of this Lease, be treated as Revenue under Article V of the Trust Agreement. The Authority may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to this Lease or before releasing for the purchase of new personal property money received by it for personal property so sold. If the Authority

ARTICLE VIII.

COVENANTS

SECTION 8.01 Right of Entry. The Authority and its assignees shall have the right to enter upon and to examine and inspect the Facilities, including the Demised Premises during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Authority's or the City's rights or obligations under this Lease, and (c) for all other lawful purposes.

SECTION 8.02 Liens. In the event the City shall at any time during the term of this Lease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Facilities, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Facilities and shall keep the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Facilities or the Authority's interest therein. In the event any such lien attaches to or is filed against the Facilities or the Authority's interest therein, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment. The City agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Authority and the Trustee and their respective members, directors, agents, successors and assigns,

harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Facilities or the Authority's interest therein.

SECTION 8.03 Quiet Enjoyment. The parties hereto mutually covenant that the City, by keeping and performing the covenants and agreements herein contained and not in default hereunder, shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the Facilities, including the Demised Premises without suit, trouble or hindrance from the Authority.

SECTION 8.04 Authority Not Liable. The Authority and its members, directors, officers, agents and employees shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities. The City, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents and employees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the construction or operation of the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

SECTION 8.05 Assignment and Subleasing. Neither this Lease nor any interest of the City hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the City by voluntary act or by operation of law or otherwise, except with the prior written consent of the Authority, which, in the case of subletting, shall not be unreasonably withheld; provided such subletting shall not affect the tax-exempt status of the interest on the Bonds. Neither this Lease nor any interest of the City hereunder shall be sublet by the City by voluntary act or by operation of law except with the prior written consent of the Bond Insurer (except for the portions of the Project for which subleases were in effect on the effective date hereof). No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the City to make the Base Rental Payments and Additional Payments required hereunder.

SECTION 8.06 Title to Facilities. During the term of this Lease, the Authority shall hold a leasehold estate to the Facilities and any and all additions which comprise fixtures, repairs, replacement or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the City and which may be removed without damaging the Facilities, and except for any items added to the Facilities by the City pursuant to Section 4.02 hereof. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to Section 5.03 hereof.

Upon the termination or expiration of this Lease, the Authority shall execute such conveyances, deeds and other documents as may be necessary to evidence the ownership of the Facilities, including the Demised Premises by the City and to clarify the title of the City on the record thereof.

SECTION 8.07 Tax Covenants. The City and the Authority will not make any use of the proceeds of the obligations provided herein or any other funds of the City or the Authority which will cause such obligations to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code. The City and the Authority will not make any use of the proceeds of the obligations provided herein or any other funds of the City or the Authority which will cause such obligations to be "federally guaranteed" and subject to inclusion in gross income for federal income tax purposes by reason of Section 149(b) of the Code. To that end, so long as any rental payments are unpaid, the City and the Authority, with respect to such proceeds and such other funds, will comply with all requirements of such Sections 148 and 149(b) of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent that such requirements are, at the time, applicable and in effect.

The City further covenants that it will not use or permit the use of the facilities financed or refinanced by the proceeds of the Bonds by any person not an "exempt person" within the meaning of Section 141(a) of the Code or by an "exempt person" (including the City) in an "unrelated trade or business", in such manner or to such extent as would result in the inclusion of interest received hereunder in gross income for federal income tax purposes under Section 103 of the Code.

If at any time the City is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on or change in any way the investment of any moneys held by the Trustee or the City or the Authority under this Lease or the Trust Agreement, the City shall so instruct the Trustee or the appropriate officials of the City in writing, and the Trustee or the appropriate officials of the City, as the case may be, shall take such actions as may be necessary in accordance with such instructions.

In furtherance of the covenants of the City set forth above, the City will comply with the Tax Certificate and will instruct the Trustee in writing as necessary to comply with the Tax Certificate. The Trustee and the Authority may conclusively rely on any such written instructions, and the City hereby agrees to hold harmless the Trustee and the Authority for any loss, claim, damage, liability or expense incurred by the Authority for any actions taken by the Authority in accordance with such instructions.

The City and the Authority shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest on the Bonds will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes.

SECTION 8.08 Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Lease, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount of the Series 2016 Bonds Outstanding and provided satisfactory indemnification is provided to the Trustee, shall) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to compel the City to comply with its obligations under this Section 8.08.

SECTION 8.09 Taxes. The City shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Facilities or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the term of this Lease as and when the same become due.

The City shall also pay directly such amounts, if any, in each year as shall be required by the Authority for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the City to pay any of the foregoing or failure to file or furnish to the Authority or the Trustee for filing in a timely manner any returns, hereinafter levied or imposed against the Authority or the Facilities, the rentals and other payments required hereunder or any parts thereof or interests of the City or the Authority or the Trustee therein by any governmental authority.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the City that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Facilities will be materially endangered or the Facilities, or any part thereof, will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

SECTION 8.10 Authority's Purpose. The Authority covenants that, prior to the discharge of this Lease, it will not engage in any activities inconsistent with the purposes for which the Authority is organized.

SECTION 8.11 Purpose of Lease. The City covenants that during the term of this Lease, except as hereinafter provided, (a) it will use, or cause the use of, the Facilities for public purposes and for the purposes for which the Facilities are customarily used, (b) it will not vacate or abandon the Facilities or any part thereof, and (c) it will not make any use of the Facilities which would jeopardize in any way the insurance coverage required to be maintained pursuant to Article V hereof.

ARTICLE IX.

DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES; USE OF THE FACILITIES

SECTION 9.01 Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE FACILITIES OR THE PROJECT, OR WARRANTY WITH RESPECT THERETO. THE CITY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF THE FACILITIES OR THE PROJECT OR A DEALER THEREIN, THAT THE CITY LEASES THE FACILITIES AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event shall the Authority be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or the City's use of any item or products or services provided for in this Lease.

SECTION 9.02 Vendor's Warranties. The Authority hereby irrevocably appoints the City its agent and attorney-in-fact during the term of this Lease, so long as the City shall not be in default hereunder, to assert from time to time whatever claims and rights, including warranties of the Facilities or the Project, which the Authority may have against the manufacturers, vendors and contractors of the Facilities or the Project. The City's sole remedy for the breach of such warranty, indemnification or representation shall be against the manufacturer or vendor or contractor of the Facilities or of the Project, and not against the Authority, nor shall such matter have any effect whatsoever on the rights and obligations of the Authority with respect to this Lease, including the right to receive full and timely payments hereunder. The City expressly acknowledges that the Authority makes, and has made, no representation or warranties whatsoever as to the existence or availability of such warranties of the manufacturer, vendor or contractor.

SECTION 9.03 Use of the Facilities. The City will not install, use, operate or maintain the Facilities improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Lease. The City shall provide all permits and licenses, if any, necessary for the installation and operation of the Facilities. In addition, the City agrees to comply in all respects

(including, without limitation, with respect to the use, maintenance and operation of the Facilities) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Facilities; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to the Facilities or its interest or rights under this Lease.

ARTICLE X.

MISCELLANEOUS

SECTION 10.01 Law Governing. This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

SECTION 10.02 Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests, agreements or promises or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid:

If to the City: City of Compton, California
 c/o City Manager and City Attorney
 Compton City Hall
 205 South Willowbrook Avenue
 Compton, California 90220

If to the Authority: Compton Public Finance Authority
 c/o Executive Secretary and City Attorney
 Compton City Hall
 205 South Willowbrook Avenue
 Compton, California 90220

If to the Trustee: U.S. Bank National Association
 1420 5th Avenue, 7th Floor
 Seattle, Washington 98101

or to such other addresses as the respective parties may from time to time designate by notice in writing. A copy of any such notice or other document herein referred to shall also be delivered to the Trustee.

SECTION 10.03 Validity and Severability. If for any reason this Lease shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Lease is and shall be deemed to be a lease under which the rentals are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Facilities, and all of the rental and other terms, provisions and conditions of this Lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

SECTION 10.04 Net-Net-Net Lease. This Lease shall be deemed and construed to be a "net-net-net lease" and the City hereby agrees that the rentals provided for herein shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 10.05 Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

SECTION 10.06 Amendment or Termination. The Authority and the City may at any time agree to the amendment or termination of this Lease; provided, however, that the Authority and the City agree and recognize that payments under this Lease have been pledged to the Bonds and other obligations of the Authority in accordance with the terms of the Trust Agreement, and accordingly, that any such amendment or termination shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

SECTION 10.07 Execution. This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease, it is also agreed that separate counterparts of this Lease may separately be executed by the Authority and the City, all with the same force and effect as though the same counterpart had been executed by both the Authority and the City.

#18.

IN WITNESS WHEREOF, the Authority and the City have caused this Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written

COMPTON PUBLIC FINANCE AUTHORITY,
as Lessor

By: _____
Chairman

Attest:

By: _____
Secretary

CITY OF COMPTON, CALIFORNIA,
as Lessee

By: _____
City Manager

[SEAL]

Attest:

By: _____
Clerk

Approved as to form:

City Attorney

31900435v1

SITE LEASE

This Site Lease, dated as of August __, 2016 (this "Lease" or "Site Lease"), by and between the CITY OF COMPTON, CALIFORNIA, a charter city duly organized and existing under the Constitution and laws of the State of California (the "City"), as lessor, and the COMPTON PUBLIC FINANCE AUTHORITY, a public entity and agency, duly organized and existing pursuant to an Agreement entitled "Joint Exercise of Powers Agreement" by and between the City of Compton and the Redevelopment Agency of the City of Compton (the "Authority"), as lessee;

W I T N E S S E T H:

WHEREAS, the City heretofore caused to be executed and delivered the Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Capital Projects) Series 2008 bonds (the "Prior Bonds") in the aggregate principal amount of \$_____. The Prior Bonds were executed and delivered pursuant to a Trust Agreement (the "2008 Trust Agreement"), dated May 1, 2008, by and among U.S Bank National Association, as trustee, the City and the Authority. Proceeds of the Prior Bonds were issued to fund various capital projects and to prepay and defease certain certificates of participation (the "Refunded Certificates");

WHEREAS, the City has determined that it is in its best interests to defease and refund a portion of the Prior Bonds;

WHEREAS, the Compton Public Finance Authority (the "Authority") has agreed to issue \$_____ aggregate principal amount of its Lease Revenue Refunding Bonds), Series 2016 (the "Series 2016 Bonds"), pursuant to a Trust Agreement, dated as of February __, 2016 (as amended from time to time, the "Trust Agreement") by and between the Authority and U.S. Bank National Association, as trustee (together with any successor thereto, the "Trustee") and acknowledged by the City, to refund and defease a portion of the Prior Bonds and pay certain costs associated with the issuance of the Series 2016 Bonds;

WHEREAS, the City, pursuant hereto, will lease certain Facilities (as hereinafter defined) of the City to the Authority and the Authority will use the proceeds of the Series 2016 Bonds and certain other funds to pay to the City the rental due hereunder for the Facilities, and the City will use the proceeds of the Series 2016 Bonds, paid as rent to the City by the Authority, to refund and defease a portion of the Prior Bonds and pay certain costs associated with the issuance of the 2016 Bonds;

WHEREAS, the Authority will lease back the Facilities to the City pursuant to the Facility Lease dated as of February __, 2016 (as amended from time to time, the "Facility Lease"), between the Authority, as lessor, and the City, as lessee (capitalized terms used herein and not otherwise defined herein have the meanings assigned thereto in the Facility Lease); and

WHEREAS, under the Facility Lease, the City will be obligated to make base rental payments to the Authority for the lease of the Facilities and the Authority will pledge and assign such base rental payments to the Trustee for payments of the Bonds;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED as follows:

SECTION 1. Demised Premises.

The City hereby leases to the Authority and the Authority hereby leases from the City, pursuant to this Site Lease, on the terms and conditions hereinafter set forth, the real property situated in the City,

and described in Exhibit A attached hereto and made a part hereof (the "Facilities" and, individually, each a "Facility"), together with any additional real property added thereto by any supplement or amendment hereto, or any real property substituted for all or any portion of such property in accordance with this Lease and the Trust Agreement; subject, however, to any conditions, reservations, and easements of record or known to the City and the buildings and all other facilities located thereon. The site of the Facilities (exclusive of the buildings and improvements located thereon) is sometimes referred to herein as the "Demised Premises."

SECTION 2. Term.

The term of this Lease as to the Facilities shall commence on the date of recordation of this Lease in the office of the County Recorder of County of Los Angeles, State of California, or on February __, 2016, whichever is earlier, and shall end on January 1, _____ (the "Term"), unless such term is extended or sooner terminated as hereinafter provided. If on such date the Base Rental Payments attributable to the related Facility and all other amounts then due under the Facility Lease with respect to such Facility shall not be fully paid, or if the rental or other amounts payable under the Facility Lease with respect to such Facility shall have been abated at any time and for any reason, then the term of this Lease with respect to such Facility shall be extended until ten (10) days after the Base Rental Payments attributable to such Facility and all other amounts then due under the Facility Lease with respect to such Facility shall be fully paid (the "Extended Term"), except that the term of this Lease as to the respective Facilities shall in no event be extended beyond ten (10) years after the Term for such Facility. If prior to such dates the Base Rental Payments attributable to the related Facility and all other amounts then due under the Facility Lease with respect to such Facility shall be fully paid, the term of this Lease with respect to such Facility shall end ten (10) days thereafter or upon written notice by the City to the Authority, whichever is earlier.

SECTION 3. Rental.

The Authority shall pay to the City from the proceeds of the Series 2016 Bonds as and for rental hereunder an amount, not less than \$_____, equal to a portion of the proceeds of the Series 2016 Bonds to be transferred to the Escrow Agent for deposit in the Escrow Fund pursuant to the Trust Agreement. The balance of the proceeds of the 2016 Bonds shall be applied to pay certain costs of issuance of the Series 2016 Bonds.

SECTION 4. Purpose.

The Authority shall use the Facilities solely for the purpose of leasing the Facilities to the City pursuant to the Facility Lease and for such purposes as may be incidental thereto; provided, that in the event of default by the City under the Facility Lease the Authority may exercise the remedies provided in the Facility Lease and the Assignment of Rents and Leases, dated as of February __, 2016, between the Authority and the Trustee.

SECTION 5. Environmental Law and Regulations.

(a) Definitions used in this Section 5 and in Section 6.

"Asbestos Containing Materials" shall mean material in friable form containing more than one percent (1%) of the asbestiform varieties of (a) chrysotile (serpentine); (b) crocidolite (ricbeckite); (c) amosite (cummington-itegrinerite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

"Asbestos Operations and Maintenance Plan" shall mean that written plan for the Facilities relating to monitoring and maintaining all Asbestos Containing Materials used or located on the Demised Premises.

"Environmental Regulations" shall mean all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.) (together with the regulations promulgated thereunder, "CERCLA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.) (together with the regulations promulgated thereunder, "RCRA"), the Emergency Planning and Community Right-to-Know Act, as amended (42 U.S.C. Section 11001, et seq.) (together with the regulations promulgated thereunder, "Title III"), the Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.) (together with the regulations promulgated thereunder, "CWA"), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.) (together with the regulations promulgated thereunder, "CAA") and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et seq.) (together with the regulations promulgated thereunder, "TSCA"), and any state or local similar laws and regulations and any so-called local, state or federal "superfund" or "superlien" law.

"Hazardous Materials" shall mean any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCRA, CWA, CAA, TSCA and Title III, and the regulations promulgated pursuant thereto, and in all other Environmental Regulations applicable to the City, any of the Demised Premises or the business operations conducted by the City thereon.

"Laws and Regulations" shall mean any applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to the Facilities or the Demised Premises.

(b) No portion of the Demised Premises is located in an area of high potential incidence of radon which has an unventilated basement or subsurface portion which is occupied or used for any purpose other than the foundation or support of the improvements to such Demised Premises.

(c) The City has not received any notice from any insurance company which has issued a policy with respect to the Facilities or from the applicable state or local government agency responsible for insurance standards (or any other body exercising similar functions) requiring the performance of any repairs, alterations or other work, which repairs, alterations or other work have not been completed at the Facilities. The City has not received any notice of default or breach which has not been cured under any covenant, condition, restriction, right-of-way, reciprocal easement agreement or other easement affecting Demised Premises which is to be performed or complied with by it.

SECTION 6. Environmental Compliance.

(a) Neither the City nor the Authority shall use or permit the Demised Premises or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport or dispose of, transfer, produce or process Hazardous Materials, except, and only to the extent, if necessary to maintain the improvements on the Demised Premises and then, only in compliance with all Environmental Regulations, and any state equivalent laws and regulations, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee,

contractor, employee and agent, the storage, transportation, disposal or use of Hazardous Materials or the pumping, spilling, leaking, disposing of, emptying, discharging or releasing (hereinafter collectively referred to as "Release") or threat of Release of Hazardous Materials on, from or beneath the Demised Premises or onto any other real property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of an office building, the use, storage, treatment, transportation and disposal of which shall be in compliance with all Environmental Regulations. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the City shall promptly commence and perform, or cause to be commenced and performed promptly, without cost to the Trustee, the Authority or the Bond Insurer (as defined in the Trust Agreement), all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials so Released, on, from or beneath the Demised Premises, in compliance with all Environmental Regulations. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (d) and only to the extent necessary to maintain the improvements on the Demised Premises.

(b) The City and the Authority shall comply with, and shall cause its tenants, subtenants, licensees, guests, invitees, contractors, employees and agents to comply with, all Environmental Regulations, and shall keep the Demised Premises free and clear of any liens imposed pursuant thereto (provided, however, that any such liens, if not discharged, may be bonded). The City and the Authority shall cause each tenant, and use its best efforts to cause all of such tenant's subtenants, agents, licensees, employees, contractors, guests and invitees and the guests and invitees of all of the foregoing to comply with all Environmental Regulations with respect to the Demised Premises; provided, however, that notwithstanding that a portion of this covenant is limited to the City and the Authority's use of its best efforts, the Authority and the City shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the City and the Authority's obligations contained in subsection (c) hereof as provided in subsection (c) hereof. Upon receipt of any notice from any Person with regard to the Release of Hazardous Materials on, from or beneath the Demised Premises, the City and the Authority shall give prompt written notice thereof to the Trustee and the Bond Insurer (and, in any event, prior to the expiration of any period in which to respond to such notice under any Environmental Regulation).

(c) Irrespective of whether any representation or warranty contained in Section 5 hereof is not true or correct, the City and the Authority shall, to the extent permitted by law, defend, indemnify and hold harmless the Trustee and the Bondholders and the Bond Insurer, its partners, depositors and each of its and their employees, agents, officers, directors, trustees, successors and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including, without limitation, attorneys' fees incurred to enforce the indemnification contained in this Section 6), consultants' fees, investigation and laboratory fees, liabilities, settlements (five (5) Business Days' prior notice of which the Authority or the Trustee or the Bond Insurer, as appropriate, shall have delivered to the City and the Authority), court costs, damages, losses, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to, (i) the presence, disposal, Release, threat of Release, removal, discharge, storage or transportation of any Hazardous Materials on, from or beneath the Demised Premises, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened, settlement reached (five (5) Business Days' prior notice of which the Authority or the Trustee or the Bond Insurer, as appropriate, shall have delivered to the City and the Authority), or governmental order relating to Hazardous Materials on, from or beneath any of the Demised Premises, (iv) any violation of Environmental Regulations or subsection (a) or (b) hereof by it or any of its agents, tenants, employees, contractors, licensees, guests, subtenants or invitees, and (v) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that the Authority or the City is strictly liable under any Environmental Regulation, its obligation to the Trustee, Bondholders and the

Bond Insurer and the other indemnitees under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Regulation which results in liability to any indemnitee. Its obligations and liabilities under this Section 6(c) shall survive any termination of the Facility Lease or exercise of any remedies thereunder, and the satisfaction of all Series 2016 Bonds.

(d) The City and the Authority shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks, and shall maintain, repair, and replace such tanks only in accordance with Laws and Regulations, including but not limited to Environmental Regulations.

SECTION 7. Owner in Fee.

The City covenants that it is the owner in fee of the Demised Premises. The City further covenants and agrees that if for any reason this covenant proves to be incorrect, the City will either institute eminent domain proceedings to condemn the property or institute a quiet title action to clarify the City's title or take other appropriate steps to resolve issues of title, and will diligently pursue such action to completion. The City further covenants and agrees that it will hold the Authority and the Bond owners harmless from any loss, cost or damages resulting from any breach by the City of the covenants contained in this Section 7.

SECTION 8. Assignments and Subleases.

Unless the City shall be in default under the Facility Lease, the Authority may not assign its rights under this Lease or sublet the Demised Premises and the Facilities, except pursuant to the Facility Lease, without the written consent of the City, which consent may be withheld in the City's sole and absolute discretion. Upon the occurrence of a default by the City under the Facility Lease, the Authority may assign or sell its rights under this Lease or sublet the Demised Premises and the Facilities, without the consent of the City. The City hereby consents and acknowledges that the Authority has assigned its right, title and interest in the Facility Lease to the Trustee, as Assignee, pursuant to an Assignment of Rents and Leases, dated as of February ___, 2016 between the Authority and the Trustee.

SECTION 9. Right of Entry; Easements.

The City reserves the right for any of its duly authorized representatives to enter upon the Demised Premises and into the Facilities at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

The City agrees, upon written request from the Authority, to grant to the Authority a nonexclusive easement of ingress and egress for persons, vehicles and utilities, twenty (20) feet wide, from each parcel of the Demised Premises not having access to a public street, and appurtenant to such parcel, over property owned by the City to a public street. The City, at any time, may satisfy its obligation contained in the preceding sentence as to any such parcel of the Demised Premises by granting to the Authority an easement complying with the requirements of the preceding sentence from such parcel of the Demised Premises to a public street.

SECTION 10. Termination.

The Authority agrees, upon the termination of this Lease, to quit and surrender the Demised Premises and Facilities in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and the Authority further

agrees that any permanent improvements and structures existing upon the Demised Premises at the time of the termination of this Site Lease shall remain thereon and title thereto shall vest in the City.

Upon the exercise of the option to purchase set forth in Section 7.03 of the Facility Lease and upon payment of the option price required by said section, the term of this Site Lease shall terminate as to the portion of the Demised Premises upon which the part of the Facilities being so purchased is situated.

SECTION 11. Default.

In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms of this Lease, which default continues for one hundred and eighty (180) days following notice and demand for correction thereof to the Authority and the Trustee, the City may exercise any and all remedies granted by law, except that no merger of this Lease and of the Facility Lease shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate this Lease by reason of any default on the part of the Authority if such termination would affect or impair any assignment or sublease of all or any part of the Demised Premises then in effect between the Authority and any assignee or subtenant of the Authority (other than the City under the Facility Lease). So long as any such assignee or subtenant of the Authority shall duly perform the terms and conditions of this Lease, such assignee or subtenant shall be deemed to be and shall become the tenant of the City hereunder and shall be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any Bonds are outstanding and unpaid in accordance with the terms thereof, the rentals or any part thereof payable to the Authority or Trustee shall continue to be paid to the Trustee on behalf of the Bondowners.

SECTION 12. Quiet Enjoyment.

The Authority at all times during the term of this Lease, shall peaceably and quietly have, hold and enjoy all of the Demised Premises and Facilities then leased hereunder.

SECTION 13. Waiver of Personal Liability.

All liabilities under this Lease on the part of the Authority shall be solely liabilities of the Authority, as a public entity and agency, and the City hereby releases each and every member, director, officer, agent or employee of the Authority of and from any personal or individual liability under this Lease. No member, director, officer, agent or employee of the Authority shall at any time or under any circumstances be individually or personally liable under this Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority hereunder.

The Authority and its members, directors, officers, agents, employees and assignees shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Demised Premises or the Facilities. The City, to the extent permitted by law, shall indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the construction or operation of the Demised Premises or the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Demised Premises or the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

SECTION 14. Taxes.

The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Demised Premises or the Facilities.

SECTION 15. Eminent Domain.

In the event the whole or any part of the Demised Premises or the Facilities is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid or outstanding Series 2016 Bonds and all other amounts due under the Trust Agreement and the Facility Lease attributable to such part of the Facilities and such amount shall be paid to the Trustee, and the balance of the award, if any, shall be paid to the City.

SECTION 16. Partial Invalidity.

If any one or more of the terms, provisions, covenants or conditions of this Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Lease shall be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 17. Notices.

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, and, if to the City, addressed to the City in care of City of Compton, City Manager, Compton City Hall, 205 South Willowbrook Avenue, Compton, California 90220, or if to the Authority, addressed to the City in care of the City Clerk, Compton Public Finance Authority, Compton City Hall, 205 South Willowbrook Avenue, Compton, California 90220, in all cases with a copy to the Trustee, or to such other addresses as the respective parties may from time to time designate by notice in writing.

SECTION 18. Section Headings.

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this lease.

SECTION 19. Amendment.

The Authority and the City may at any time agree to the amendment of this Lease; provided, however, that the Authority and the City agree and recognize that this Lease is entered into as contemplated by the terms of the Trust Agreement, and accordingly, that any such amendment shall only be made or effected in accordance with and subject to the terms of the Trust Agreement.

SECTION 20. Execution.

This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease. It is also agreed that separate

#18.

counterparts of this Lease may separately be executed by the City and the Authority, all with the same force and effect as though the same counterpart had been executed by both the City and the Authority.

IN WITNESS WHEREOF, the City and the Authority have caused this Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

CITY OF COMPTON, CALIFORNIA,
as Lessor

By: _____
Roger L. Haley, City Manager
City of Compton, State of California

[SEAL]

Attest:

By: _____
Clerk

Approved as to Form:

By: _____
City Attorney

COMPTON PUBLIC FINANCE AUTHORITY,
as Lessee

By: _____
Chairman

Attest:

By: _____
Secretary

31900434v1

APPENDIX A

**ECONOMIC AND DEMOGRAPHIC INFORMATION
RELATING TO THE CITY OF COMPTON**

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GENERAL

Overview

The City of Compton (the “City”) is located in the geographical center of the County of Los Angeles (the “County”) in the State of California (the “State”), between the greater Los Angeles and Long Beach metropolitan areas. The City has approximately 98,506 residents as of January 1, 2015 and encompasses an area of approximately 10.2 square miles. The City is a community consisting of commercial, residential and light industrial areas. Several freeways and highways cross through the City, making it accessible for industrial, manufacturing and commercial enterprises. In addition, the City is within a short distance of several major national and international airports.

City Government

The City is a municipal corporation and charter city organized and existing under the Constitution and laws of the State. It was founded in 1887, was incorporated on May 11, 1888 and, subsequently, adopted a City Charter (as amended, the “City Charter”). The City Charter provides for the election, organization, powers and duties of the legislative branch, known as the City Council (the “City Council”); the powers and duties of the executive and administrative branches; fiscal administration; and public utilities and franchises. The City operates with a Council-Manager form of government. The City Council appoints the City Manager (the “City Manager”), who is the chief executive officer and the head of the administrative branch of the City government, implements City Council directives and policies, and is responsible to the City Council for the proper administration of all affairs of the City (except such matters for which elective officers are made responsible by the City Charter). The City Manager manages the administrative and operational functions through the various department heads. The City Council governs the City and is composed of five members who must be registered voters of the City, four who are residents of their respective City Council districts and nominated and elected only by the residents of their respective City Council districts, and one member who is nominated and elected from the City at large to hold the office of Mayor (the “Mayor”). The City Council also appoints the City Controller, who supervises current inventories of all property and the disbursement of all monies, among other responsibilities.

The Mayor is the presiding officer of the City Council and is the official head of the City. Pursuant to the City Charter, the Mayor has a voice and a vote in all proceedings of the City Council and is the official head of the City for all ceremonial purposes. Further, the Mayor is required to perform such other duties as may be prescribed by the City Charter or as may be imposed by the City Council consistent with her office. In addition to the Mayor and City Councilmembers, the elected officers of the City are the City Clerk, the City Treasurer and the City Attorney. All City Council members and other elected officers serve for a term of four years. The terms of office of (i) the members of the City Council residing in Districts 2 and 3, the Mayor, City Clerk, City Treasurer and City Attorney and (ii) the members of the City Council residing in Districts 1 and 4, are staggered at two-year intervals.

The members of the City Council, the Mayor, and the expirations of their respective terms are as follows:

CITY OF COMPTON CITY COUNCIL

Name	Title	Term Expires
Aja Brown	Mayor	June 30, 2017
Janna Zurita	Councilmember	June 30, 2019
Yvonne Arceneaux	Councilmember	June 30, 2017
Isaac Galvan	Councilmember	June 30, 2017
Emma Sharif	Councilmember	June 30, 2019

The terms of Craig J. Cornwell, the current City Attorney, Alita Godwin, the current City Clerk, and Douglas Sanders, the current City Treasurer, expire in June 2017. There are no term limits for the Mayor or the other elected officials. The current Mayor of the City, Aja Brown, is serving her first term.

City Administration

The City provides a full range of services contemplated by statute or charter, including those functions delegated to cities under State law. These services include public safety (police and fire), sanitation, recreational and cultural activities, public improvements, planning, zoning and general administrative services.

Under the City Manager form of government the City manager is responsible for the day to day activities of the City. The City Manager is empowered and required by the City Charter to appoint and remove, subject to the civil service provisions of the City Charter, all department heads of the City (except elective officers and those the power of appointment of whom is vested in the City Council) and pass upon and approve all proposed appointments and removals of subordinate employees by department heads. The City Manager must also prepare the City budget annually and submit it to the City Council, and is responsible for its administration after adoption. The City Charter also requires the City Manager to prepare and submit to the City Council as of the end of each fiscal year a complete report on the finances and administrative actions of the City for the preceding year, and advise the City Council of the financial condition and future needs of the City and make recommendations thereon.

Roger L. Haley, City Manager. Mr. Haley was appointed City Manager in October, 2015. His experience includes serving as City Manager for Lynwood, California; various positions with the City of Long Beach, California including Manager, Business Development Division; Manager, Economic Development Bureau; Manager, Government Affairs; served as Corporate Representative for Southern California Edison; and, Public Affairs Representative for Southern California Edison. Early in his career Mr. Haley also served as Assistant City Manager, City of Lynwood; and held lead positions for the City of Long Beach in the Public Works, Community Development and Finance Departments; and, also served as Public Relations Officer with the Compton Police Department.

As City Manager, Mr. Haley is responsible for the daily operations of the City. He manages a staff of approximately 440 employees and a budget of approximately \$188,000,000.

Mr. Haley is active in several civic organizations and sports related activities.

Mr. Haley holds a Bachelor of Science degree from the University of Southern California, master's degree from California State University Long Beach and management and leadership certificates from the University of California Los Angeles and Harvard University.

Alma Martinez, Assistant City Manager. Ms. Martinez was appointed Assistant City Manager on November 23, 2015. Ms. Martinez provides executive direction to Administration and Neighborhood Services including Human Resources, Career Link, General Services, Local Housing Authority, Fire and the largest City Contract - the Los Angeles County Sheriff's Contract.

Ms. Martinez's prior experience includes V.P. of Development for Maya Cinema North America (MCNA). In that role, Ms. Martinez worked on New Market Tax Credit Financings. Ms. Martinez participated in financial transactions involving the financial deal structuring for various projects and the deployment of NMTCs. As a CDE (Community Development Entity) MCNA awarded \$8,000 of tax credits to Vallarta Supermarkets in Bakersfield California. The NMTC allocation allowed the project to fund a minority owned and operated Supermarket in a food desert. Prior to joining MCNA, Ms. Martinez worked as the Supervising Staff Mediator from October 2003-June 2014 in the office of the Los Angeles City Attorney.

Ms. Martinez holds a Bachelor of Science in Sociology and Political Science and Master of Arts in Urban Planning from the University of California, Los Angeles.

Robert S. Torrez, Interim City Controller. Mr. Torrez was hired in June, 2016 as Interim City Controller as allowed under the State's pension system (CalPERS) retirement rules. He has over 35 years of government finance and operations experience in both the public and private sectors. Mr. Torrez was previously the Assistant City Manager/Finance Director for the City of Lynwood; Finance Director for the City of Burbank; CFO/Finance Director for the City of Long Beach; and, also was a Senior Vice President with investment bank/bond underwriter Southwest Securities where he held a Series 7 registration. .

Mr. Torrez obtained a Bachelor of Science Degree from California State Polytechnic University, Pomona, California, where he also attended graduate school in the MBA program. He previously also served on committees for the California Society of Municipal Finance Officers, Government Finance Officers Association, League of California Cities and was appointed by then State Treasurer Phil Angelides to serve on the State's Local Area Investment Fund (LAIF) board.

Craig J. Cornwell, City Attorney. Mr. Cornwell was appointed to the position of City Attorney in 2008. Mr. Cornwell initially joined the City Attorney's office in 2000 as a Deputy City Attorney and was appointed Chief Deputy City Attorney in 2008. He was elected to serve as City Attorney on April 21, 2009 and re-elected in 2013. Mr. Cornwell manages an office of approximately 18 individuals that provide general legal, risk management, workers' compensation and code enforcement services. He oversees an office budget in excess of \$10,000,000. As chief legal advisor, the City Attorney's primary responsibilities are for prosecution of Compton Municipal Code violations, the defense of all civil lawsuits and claims filed against the City, drafting and reviewing all City related contracts, drafting City legislation for the Mayor and City Council and providing legal advice to the Mayor, City Council, Boards and Commissions, City management and City department heads.

Mr. Cornwell has a B.A. in History from University of California, Santa Barbara and a J.D. from Whittier Law School.

FINANCIAL AND ECONOMIC INFORMATION

THE MOST RECENT FINANCIAL INFORMATION OF THE CITY IS PRESENTED IN AN UNAUDITED FORMAT FOR THE FISCAL YEARS 2013-2014 AND 2014-2015 IN APPENDICES C-3 AND C-4 RESPECTIVELY. INVESTORS ARE DIRECTED TO SUCH APPENDICES TO SEE THE MOST RECENTLY AVAILABLE UNAUDITED FINANCIAL INFORMATION AS A SUPPLEMENT TO THE TABLES SET FORTH IN THIS APPENDIX A.

City Budget

General. The City has an annual budget cycle and utilizes the fund accounting method of financing reporting for its budgets. The City Charter requires that the City Council adopt a budget (the "City Budget") annually by the June 30 preceding the start of the fiscal year on July 1. Pursuant to the City Charter, the City Manager is responsible for preparing a balanced City Budget annually and submitting it to the City Council for approval.

The City Charter specifies that at such date as the City Manager shall determine, the City Manager, or an officer designated by him, must obtain from each department head estimates of revenue and expenditure for such department, detailed in such manner as may be prescribed by the City Manager. In preparing the proposed City Budget, the City Manager must review the estimates and hold conferences thereon with the department heads, respectively, and may revise the estimates as he may deem advisable. Prior to the beginning of each fiscal year, the City Manager is required to submit to the City Council the proposed City Budget. After reviewing the proposed City Budget and making such revisions as the City Council may deem advisable, the City Council will hold a public hearing on the proposed City Budget. Upon final adoption, the City Budget will be in effect for the ensuing fiscal year. At any meeting after the adoption of the City Budget, the City Council may amend or supplement the budget by motion adopted by the affirmative votes of at least four of the five voting members of the City Council.

Revenues for the City's General Fund (the "General Fund") are derived from such sources as taxes and special assessments, licenses and permits, intergovernmental revenues, fines, forfeitures and penalties, use of money and property, charges for services, and other revenue. General Fund expenditures and encumbrances are classified by the functions of general government, those being public safety, public works, environmental and human services, administration, elected offices and by debt service.

The City receives a portion of its revenues from the State. Accordingly, the City is partially dependent upon the State budget and payments made or appropriated by the State to the City for various programs. See "STATE OF CALIFORNIA BUDGET AND SUPPLEMENTAL FINANCIAL INFORMATION" herein for a description of the adopted State budget for Fiscal Year 2015-16. There can be no assurances that future State budgets will not place additional burdens on local governments, including the City, or will not significantly reduce revenues to such local

governments, and the City cannot predict the ultimate impact of future State budgets on the City's financial situation.

Fiscal Year 2015-16 City Budget. The City Manager presented his Proposed Fiscal Year 2016-17 budget to the Mayor and City Council on June 14, 2016. One or two subsequent public budget hearings will be held leading up to the expected adoption of the budget by June 30, 2016. The adopted budget will be available upon request from the City.

The City's Proposed General Fund expenditure budget, which provides for those public services typically found in every city, such as Law Enforcement, Fire protection, Parks, Recreation, Public Works and administrative services, will reflect balanced revenue and expenditures utilizing approximately \$1 million of prior fiscal year surplus revenue. Departments were directed to submit essentially flat budgets, to reflect no material increase from the Fiscal Year 2015-16 budget; however, the budget does include funding for employee step increases as required by existing Memorandum of Understanding (MOU's) with the City's several bargaining units, in addition to inflationary related increases to vendor service contracts. The Proposed budget reflects the reduction of five employee positions.

The City contracts with the Los Angeles County Sheriff for law enforcement services. This has resulted, over time, in significant savings to the City. The Sheriff has notified the City that its cost increases will be shared amongst its contract cities, with Compton's costs increasing by approximately 3.5%. Combined with an increase in the Sheriff's liability costs, which are also shared by its contract cities, Compton Sheriff's costs are projected to increase by approximately \$1.7 million. This cost increase has not been included in the proposed budget. City staff will meet with Sheriff's department staff to review the nature of the increases and also to determine if any potential exists for restructuring the service agreements in order to lower costs while providing the same or a higher level of service.

The City also contracted with a consultant to review Citywide fees to determine if current City fees are set at rates sufficient to recoup the cost of providing special services (plan checks, inspections, recreation programs, paramedic ambulance transports, etc.). The consultant concluded that, with only a handful of exceptions, City fee rates are not sufficient to recoup the full cost of providing those services, as allowed by relevant State laws. In many cases, fee rates are recouping only one-third to one-half the cost. In the case of ambulance transport fees, for example, most cities in Los Angeles County tie their rates to the County rate. Compton's ambulance transport rates are currently \$535 per transport, or roughly a third of the LA County rate. Currently, annual revenue from fees for services totals approximately \$7.0 million. Proposed fee increases will be considered by the Mayor and Council as part of its budget adoption and review. Beyond that, all franchise type fees as well as business license fees will be reviewed during the Fiscal Year 2016-17.

Lastly, the City's Measure P was on the June 7 ballot. Measure P asked the City's voters to approve a ½ cent increase in the City's sales & use tax, and if approved, would generate \$3.9 million of additional revenue which could be used for any City program. The County of Los Angeles Registrar-Recorder/County Clerk Election Results website, as of June 29, 2016, 3:30 pm, announced the Measure P as passing with 6,769 yes votes and 6,577 no votes.

The City's fiscal year 2016-17 budget may be viewed in its entirety on the City's website, following adoption by the City Council: <http://www.comptoncity.org>.

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Adopted General Fund Budgets

The following Table 1 sets forth the City's adopted budgets for the General Fund for Fiscal Years 2010-11 through 2015-16.

TABLE 1
CITY OF COMPTON
GENERAL FUND ANNUAL BUDGETS
Fiscal Years Ended June 30, 2011 through June 30, 2016¹

	As of June 30					
	2011	2012	2013	2014	2015	2016
REVENUES:						
Property Taxes	\$ 27,190,717	\$ 3,518,036	\$ 3,517,468	\$ 3,064,804	\$ 3,884,958	\$ 7,143,952
Other Taxes		20,312,036	20,602,505	22,835,907	22,658,385	22,638,260
Licenses, Permits & Franchises	3,904,859	2,732,912	2,872,221	3,134,390	4,606,615	5,547,653
Fines, Forfeitures & Penalties	2,167,143	1,656,128	1,656,165	1,412,429	1,427,806	1,263,957
Use of Money and Property	933,729	159,043	156,827	174,300	181,306	186,712
Intergovernmental Revenues	8,804,326	9,366,844	8,039,350	8,049,350	8,770,478	8,821,369
Charges for Services	10,308,582	6,821,034	5,421,920	8,784,003	8,628,921	8,635,276
Miscellaneous	4,528,700	443,943	351,781	1,249,873	2,851,272	3,721,875
TOTAL REVENUES	\$ 57,838,056	\$ 45,009,976²	\$ 42,618,237	\$ 48,705,056	\$ 53,009,741	\$ 57,959,054
EXPENDITURES:						
General Government	\$ 20,427,629	\$ 6,526,581	\$ 7,898,119	\$ 7,551,065	\$ 10,505,280	\$ 12,836,968
Public Protection/Safety	32,426,124	30,954,291	31,377,445	31,603,478	29,393,023	30,784,412
Public Assistance						
Public Ways and Facilities/						
Public Works	927,049	1,068,734	1,045,851	--	--	--
Management Services	--	6,850,755	6,751,230	6,189,450	6,623,879	7,873,531
Health and Sanitation						
Environmental and Human Services	5,689,142	3,842,029	4,068,768	2,175,642	3,225,409	4,133,531
Education						
Recreation						
Debt Service	487,912	482,838	490,000	490,000	2,949,944	2,330,612
TOTAL EXPENDITURES	\$ 59,957,856	\$ 49,725,228	\$ 51,631,413	\$ 48,009,635	\$ 52,897,535	\$ 57,959,054
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	\$ (2,119,800)	\$ (4,715,228)	\$ (9,013,176)	\$ 695,421	\$ 112,206	--
OTHER FINANCING SOURCES (USES):						
Transfers In	--	--	--	--	--	--
Transfers Out	--	--	(100,575)	---	(84,950)	--
TOTAL OTHER FINANCING SOURCES (USES)						
NET CHANGE IN FUND BALANCES	\$ (2,119,800)	\$ (4,715,228)	\$ (9,113,751)	\$ 695,421	\$ 27,256	\$--
FUND BALANCES, BEGINNING OF YEAR	\$ (14,607,702)	\$ (41,222,801)	\$ (45,938,053)	\$ (55,051,804)	\$ (54,356,383)	\$ (54,329,127)
FUND BALANCES (DEFICIT), END OF YEAR	\$ (16,727,502)	\$ (45,938,053)	\$ (55,051,804)	\$ (54,356,383)	\$ (54,329,127)	\$ (54,329,127)

¹ City of Compton Adopted Budget for Fiscal Year 2010/2011 (Original Budget), City of Compton Adopted Budget for Fiscal Year 2011/2012 (Original Budget), City of Compton Adopted Budget for Fiscal Year 2012/2013 (Original Budget), City of Compton Adopted Budget for Fiscal Year 2013/2014 (Original Budget), City of Compton Adopted Budget for Fiscal Year 2014/2015 (Original Budget), and City of Compton Adopted Budget for Fiscal Year 2015/2016 (Original Budget)

² The decline in projected revenues reflects, among other things, an assumption that the City would not receive approximately \$6 million in revenues from billboard advertisements

Financial Statements

The City's Audited Annual Financial Report for the Fiscal Year ended June 30, 2012 is attached hereto as C-1. The City's Audited Annual Financial Report for the Fiscal Year ended June 30, 2013 is attached hereto as C-2. The City's internally prepared, Unaudited Annual Financial Report for the Fiscal Year ended 2014, is attached hereto as Appendix C-3. The City's internally prepared, Unaudited Annual Financial Report for the Month of June 2015, which includes financial information from July 1, 2014 through June 30, 2015, is attached hereto as Appendix

C-4. The information that follows is taken, in part, from unaudited financial information prepared by City officials, and will be designated as such by footnote.

The following Table 2 sets forth the City's Statement of General Fund Revenues, Expenditures and Changes in Fund Balances for Fiscal Years 2010-11 through 2014-15. The information below for the fiscal years 2012 and 2013 have been taken from audited financial statements. The information below for the fiscal year 2011, fiscal year 2014 and fiscal year 2015 have been taken from unaudited financial information.

TABLE 2
CITY OF COMPTON
STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Fiscal Years Ended June 30, 2011 through 2015

	As of June 30				
	2011 ¹	2012	2013	2014 ¹	2015 ¹
REVENUES					
Taxes and Special Assessments	\$ 24,241,363	\$ 23,992,677	\$ 27,173,000	\$ 26,233,488	\$ 35,410,171
Licenses and Permits	2,744,778	2,664,625	3,845,518	5,225,670	5,434,603
Intergovernmental Revenues	8,308,736	8,113,604	9,671,896	8,781,142	8,909,347
Fines, Forfeitures, and Penalties	1,969,371	1,809,798	1,606,039	1,533,343	1,503,563
Use of Money and Property	5,732,298	663,390	1,135,488	214,531	168,205
Charges for Services	1,137,827	6,818,951	5,991,239	7,412,451	6,890,061
Other	57,798	1,507,922	114,222	1,849,050	1,323,975
Total Revenues	\$ 44,192,171	\$ 45,570,967	\$ 49,537,402	\$ 51,249,675	\$ 59,639,925
EXPENDITURES:					
Current					
General Government	\$27,069,866	\$5,531,659	\$7,014,777	\$7,316,523	\$9,262,271
Public Safety	34,681,857	31,357,708	31,864,433	33,331,801	32,219,650
Public Works	990,269	640,261	490,146	8,418	-
Management Services		5,422,775	4,676,310	2,856,373	8,195,029
Environmental And Human Services	6,111,857	3,590,086	3,191,992	7,291,465	8,961,850
Debt Service					
Principal	325,374	331,453	298,748		
Interest and Fiscal Charges	2,380	182,579	350,143		
Capital Outlay			20,313		
Total Expenditures	\$ 69,181,603	\$ 47,056,521	\$ 47,906,862	\$ 50,804,580	\$ 58,638,800
Excess (Deficit) of Revenues					
Over/ (Under) Expenditures	(24,989,432)	(1,485,554)	1,630,540	445,095	1,001,125
OTHER FINANCING SOURCES (USES)					
Transfers In	\$88,909	\$7,559,019			
Transfers Out	(1,714,576)	(1,260,057)	(100,275)		
Total Other Financing Sources (Uses)	\$(1,625,667)	\$ 6,298,962	\$ (100,275)	-	-
Net Change in Fund Balances	\$(26,615,099)	4,813,408	1,530,265	445,095	1,001,125
Fund Balance — Beginning	\$(14,607,702)	\$(42,724,814)	\$(37,911,406)	\$(36,381,141)	\$(35,936,046)
Fund Balance — Ending	\$(41,222,801)	\$(37,911,406)	\$(36,381,141)	\$(35,936,046)	\$(34,934,921)

¹ Unaudited.

Source: City of Compton Annual Financial Report for Fiscal Year ended June 30, 2011 (Unaudited), City of Compton Annual Financial Report for the Fiscal Year ended June 30, 2012, City of Compton Annual Financial Report for Fiscal Year ended June 30, 2013, City of Compton Annual Financial Report for Fiscal Year ended June 30, 2014 (Unaudited) and City of Compton Annual Financial Report for Fiscal Year ended June 30, 2015 (Unaudited)

The following Table 3 sets forth certain summarized information related to the City's revenues and expenditures for Fiscal Years 2013-14 and 2014-15. The information below has been taken from the City's unaudited financial reports, attached hereto as APPENDIX C-3 and APPENDIX C-4.

TABLE 3
CITY OF COMPTON
SUMMARY OF GENERAL FUND
REVENUES AND EXPENDITURES
Fiscal Years 2013-14 and 2014-15

	June 30, 2014	June 30, 2015
Total Revenues	\$51,249,675	\$59,639,925
Total Expenditures	50,804,580	58,638,800
Transfers (Net)	-	-
Surplus (Deficit)	445,095	1,001,125
Ending Fund Balance	\$(35,936,046)	\$(34,934,921)

Source: City of Compton Internal Financial Report for the Fiscal Year Ended June 30, 2014 (unaudited); City of Compton Annual Financial Report for the Fiscal Year Ended June 30, 2015 (unaudited)

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The following Table 4 sets forth the City's General Fund Balance Sheets for Fiscal Years 2008-09 through 2012-13. The information below for the fiscal years 2009, 2010, 2012 and 2013 was taken from audited financial statements. The information below for the fiscal year 2011 has been taken from unaudited financial information.

TABLE 4
CITY OF COMPTON
GENERAL FUND BALANCE SHEETS
Fiscal Years Ended June 30, 2009 through June 30, 2013

	June 30, 2009	June 30, 2010	June 30, 2011 ¹	June 30, 2012	June 30, 2013 ²
ASSETS					
Cash and Investments	\$ 405,576	\$--	\$--	\$ 7,994,100	\$ 2,011,622
Property Taxes Receivable:	2,111,512	2,245,747	660,152	-	2,368,448
Accounts Receivable	460,744	2,922,056	2,303,188	2,504,705	496,799
Due from Other Funds	25,722,431	--		8,862,722	5,051,640
Due from Fiduciary Funds				3,401,809	--
Prepaid Expenses	58,934	--	40,969	26,818	37,027
Inventories	244	244	244	244	244
Interest Receivable	--	--	5	-	--
Advances to Other Funds					--
Land Held for Resale				50,000	50,000
Total Assets	\$28,759,441	\$5,168,047	\$3,004,558	\$22,840,398	\$10,015,780
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 112,352	\$ 11,600,351	\$ 12,560,317	\$ 3,580,974	\$ 1,360,791
Accrued Liabilities	4,401,471	4,982,759	3,282,798	3,252,513	3,317,852
Due to Other Funds	26,777,522	3,107,517	28,253,324	5,638,782	--
Due to Fiduciary Funds				6,303,824	--
Due to Other Governmental Agencies		5,126			
Deposits	54,606	51,574	103,036	73,954	52,625
Advances from Other Funds				41,901,757	41,665,653
Other	--	28,422	27,884		--
Total Liabilities	\$31,345,951	\$19,755,749	\$44,227,359	\$60,751,804	\$46,396,921
Fund Balances: Nonspendable:					
Inventories and Prepaid Items	\$59,178	\$244	\$41,213	\$ 27,062	\$ 37,271
Land Held for Resale				50,000	50,000
Reserved					
Regional Park	2,500,000	2,500,000			2,500,000
Encumbrances	6,049,399	706,535			
Unreserved					
Nonspendable					
Restricted					
Committed					
Assigned					
Unassigned			(41,264,014)	(37,988,468)	(38,968,412)
Unreserved: undesignated, reported in					
General Fund	(11,195,087)	(17,814,481)	--	--	--
Total Fund Balances	\$(2,586,510)	\$(14,607,702)	\$(41,222,801)	\$(37,911,406)	\$(36,381,141)
Total Liabilities and Fund Balances	\$ 28,759,441	\$ 5,168,047	\$ 3,004,558	\$ 22,840,398	\$ 10,015,780

¹ Unaudited

² For unaudited results for 2013-2014 and 2014-2015 see Appendices C-3 and C-4 respectively.

Source: City of Compton Annual Financial Report for Fiscal Year ended June 30, 2009; City of Compton Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2010, City of Compton Annual Financial Report for the Fiscal Year ended June 30, 2011 (Unaudited), City of Compton Annual Financial Report for the Fiscal Year ended June 30, 2012; and City of Compton Annual Financial Report for the Fiscal Year ended June 30, 2013.

The City's fund balances for the Fiscal Year ended June 30, 2011 follows Governmental Accounting Standards Board Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54"), which was developed in order for governments to classify amounts consistently regardless of the fund type or column in which they are presented. Pursuant to GASB 54, the fund balances will be designated as one of the following five categories: (i) nonspendable fund balance which includes amounts that are not in a spendable form or are required to be maintained intact, (ii) restricted fund balance which includes amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation; (iii) committed fund balance which includes amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint; (iv) assigned fund balance which includes amounts a government intends to use for a specific purpose whereby the intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; and (v) unassigned fund balance which includes amounts that are available for any purpose; these amounts are reported only in the general fund.

Major Revenues

The City derives its revenues from a variety of sources, including ad valorem property taxes, sales and use taxes, licenses, permits and franchises issued by the City, use of City property and money, aid from other governmental agencies, charges for services provided by the City and other miscellaneous sources. The following Table 5 sets forth the revenue sources for the City's General Fund for the Fiscal Year ended June 30, 2015.

TABLE 5
CITY OF COMPTON
ALLOCATION OF COUNTY GENERAL FUND REVENUES
Fiscal Year Ended June 30, 2015 ¹

Taxes and Special Assessments	59.37%
Licenses and Permits	9.11
Intergovernmental Revenues	14.94
Fines, Forfeitures and Penalties	2.52
Use of Money and Property	.28
Charges for Services	11.55
Other	2.22
Total ¹	100.00%

¹ Unaudited. Total may not equal sum of component parts due to rounding.

Source: City of Compton Internal Financial Report for Fiscal Year ended June 30, 2015 (Unaudited).

Expenditures

The City's major General Fund expenditures during the Fiscal Year ended June 30, 2011 were public safety and general government. In Fiscal Years 2011-12, 2012-13 and 2013-14 the City's major General Fund Expenditures were also public safety and general government. See APPENDIX C-1: "CITY OF COMPTON AUDITED FINANCIALS FOR THE FISCAL YEAR ENDING JUNE 2012," APPENDIX C-2: "CITY OF COMPTON AUDITED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013;" C-3 "CITY OF COMPTON UNAUDITED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014" and C-4 "CITY OF COMPTON UNAUDITED FINANCIAL REPORT FOR THE MONTH OF JUNE 2015," each attached hereto, for more information related to the City's financial results for the fiscal year ended June 30, 2012, fiscal year ended June 30, 2013, fiscal year ended June 30, 2014, and for the fiscal year ended June 2015.

Ad Valorem Property Taxes

The County levies ad valorem property taxes on behalf of taxing agencies in the County (including the City) for each fiscal year on taxable real and personal property located in the County (including taxable real and personal property located in the City) as of the preceding January 1st. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in

real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured”, and is listed accordingly on separate parts of the assessment roll. The “secured roll “ is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor-Recorder of the County of Los Angeles (the “County Assessor”), to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The taxes collected are allocated on the basis of a formula established by State law. Under this formula, the City and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax areas where the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

The County is responsible for assessing, collecting, and distributing property taxes to the City and other taxing entities within the County. The ad valorem property tax rate is 1% of the full cash value of the taxable property. The assessor must reassess property upon a change in ownership or new construction. The assessor may increase the full cash value by no more than 2% each year to reflect inflation. The assessor may decrease the full cash value (a) to reflect reductions in the consumer price index or comparable local data for the area under taxing jurisdiction, (b) to reflect substantial damage, destruction or (c) other factors causing a decline in value. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS — Article XIII D” in the forepart of this Limited Offering Memorandum. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, with a ten percent penalty assessed to any delinquent payments. In addition, any property on the secured roll with delinquent taxes as of July 1 is declared tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer and Tax Collector of the County (the “County Treasurer”).

Property taxes on the unsecured roll are due as of the January 1st lien date and become delinquent, if unpaid, by August 31st. A ten percent penalty attaches to delinquent property taxes on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1st. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

Proposition 8, which was passed in November 1978, amended Proposition 13 to allow assessed values to reflect declines in value. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS” in the forepart of this Limited Offering Memorandum. As a result, the County Assessor is required to enroll a property’s fair market value, as of January 1, if that value is less than the base year value plus inflationary adjustment. The County Assessor may initiate the Proposition 8 reduction process without a request from a property owner. Property owners are notified at the beginning of the tax year and may file an assessment appeal to challenge the determined value. Although the values of many properties may suffer a significant decline during a recession, not all may qualify for a reduction under Proposition 8. The current fair market value of such property must fall below the base year value plus inflationary adjustment before it will affect the assessed value. If the fair market value of the property increases above its base year value plus inflationary adjustment, the County Assessor will re-enroll the property at the value of its base year value plus inflationary adjustment. The County Assessor did not enroll any taxable properties within the City at a reduced fair market value for Fiscal Year 2013-14.

Supplemental property taxes are assessed when there is an increase in the assessed valuation of property after the property tax bill for that year has been issued. As a result, when property values are increasing and sales activity is high, there will be an increase in supplemental property tax revenues. The City did not receive supplemental property tax revenues in Fiscal Year 2014-15 and has not budgeted any supplemental property tax revenues for Fiscal Year 2015-16. The City considers property taxes as available and records revenues if they are

collected within 60 days after year end. Property tax receivables are adjusted to their net realizable values by deducting any estimated uncollectible amounts reported to the City.

The following Table 6 sets forth certain information regarding property tax levies and collections by the County on behalf of the City from Fiscal Years 2007-08 through 2011-12.

TABLE 6
CITY OF COMPTON
SUMMARY OF TAX LEVIES AND COLLECTIONS
Fiscal Years 2007-08 through 2011-2012 ¹

Fiscal Year ended June 30	Secured Tax Charge	Total Tax Collection through June 30	Outstanding Delinquent Taxes	Percentage of Delinquency to Secured Tax Charge
2008	\$5,326,865	\$5,065,430	\$261,435	4.91%
2009	5,659,489	5,398,689	260,800	4.61
2010	5,562,561	5,374,786	187,775	3.38
2011	5,193,671	5,071,228	122,443	2.36
2012 ²	5,288,425	5,180,223	108,202	2.05

¹ Unaudited.

² For 2013-2014 and 2014-2015 see Appendices C-3 and C-4 respectively.

Source: California Municipal Statistics.

The following Table 7 sets forth the assessed valuation of property located in the City for Fiscal Years 2004-05 through 2014-15.

TABLE 7
CITY OF COMPTON
ASSESSED VALUATION
Fiscal Years 2004-05 through 2014-15

Fiscal Year	Secured	Unsecured	Exemptions	Total Assessed Value
2004-05	\$3,049,256,454	\$254,519,644	\$(106,246,398)	\$3,303,776,098
2005-06	3,409,869,939	245,928,980	(108,028,415)	3,655,798,919
2006-07	3,854,888,757	297,439,805	(114,934,801)	4,152,328,562
2007-08	4,463,417,598	261,228,601	(119,500,205)	4,724,646,199
2008-09	4,741,427,602	288,919,993	(120,065,358)	5,030,347,595
2009-10	4,592,547,319	308,173,021	(124,839,828)	4,900,720,340
2010-11	4,426,612,807	236,554,591	(130,524,640)	4,532,642,758
2011-12	4,486,686,545	228,026,510	(128,943,128)	4,585,769,927
2012-13	4,566,620,287	298,382,882	(61,179,919)	4,804,119,904
2013-14	4,678,657,505	302,810,024	(60,554,722)	4,920,912,807
2014-15	4,951,843,927	300,693,405	(60,113,248)	5,192,424,084

Source: City of Compton Annual Financial Report for Fiscal Year ended June 30, 2005 through June 2010; City of Compton Annual Financial Report for Fiscal Year ended June 30, 2011 (Unaudited); City of Compton Audited Financials for Fiscal Year ended June 30, 2012; City of Compton Audited Financials for Fiscal Year ended June 30, 2013; City of Compton Annual Financial Report for Fiscal Year ended June 30, 2014 (Unaudited); City of Compton Annual Financial Report for Fiscal Year ended June 30, 2015 (Unaudited); Los Angeles County Assessor for Fiscal Years 2011-12, 2013-14 and 2014-15.

Largest Taxpayers

The following Table 8 is a list of the twenty-five principal property taxpayers in the City by percentage of total city taxable value for Fiscal Year 2013-14.

TABLE 8
CITY OF COMPTON
PRINCIPAL PROPERTY TAXPAYERS
Fiscal Year 2013-14

Taxpayer	Taxable Value	Type of Business	% of Total City Taxable Value⁽¹⁾
Ralphs Grocery Co	\$152,780,913	Food Services	3.10%
Amb Property L P	144,598,066	Real Estate	2.94%
Pr I Dominguez Hills Industrial	123,413,403	Real Estate	2.51%
South Bay Industrials Co LLC	78,969,384	Control Systems, Computer Networks	1.60%
KTR South Bay I LLC	75,486,120	Commercial Real Estate Investment	1.53%
Comref So Ca Industrial Sub A	61,316,280	Manufacturing	1.25%
Prologis LP	57,142,469	Real Estate - Warehouses	1.16%
Los Angeles Industrial Park LLC	34,238,137	Real Estate	0.70%
Central Ave Industrial Park LLC	28,864,803	Real Estate	0.59%
Gateway Opportunity Fund LLC	26,964,996	Real Estate Investment & Development	0.55%
Ub Ii Santa Fe LLC Lessor	26,180,310	Real Estate	0.53%
Inland Empire Realty Holding C	25,604,561	Real Estate	0.52%
Compton Commercial Renaissance	23,455,585	Real Estate	0.48%
Owens Corning Roofing Asphalt	20,755,047	Manufacturing	0.42%
Prism LP Partners LLC	20,254,473	Retail Gifts/Novelties	0.41%
Target Corp	19,536,567	Retail / Merchandise	0.40%
Walnut Industrial Park LLC	19,000,000	Investment and Realty	0.39%
Apg Victoria LLC	17,057,000	Investment and Realty	0.35%
Compton Commercial Dev Co	15,888,216	Real Estate	0.32%
American Curvet Investment LLC	15,750,000	Real Estate Investments	0.32%
Pacab LLC	14,357,520	Real Estate Investments	0.29%
Dememno Kerdoon	13,758,458	Oil and Gas Exploration Services	0.28%
Lake Plaza LLC		Real Estate Ownership and Development	0.27%
	13,472,270		
Time Warner Cable	12,198,309	Telecom	0.25%
Rancho Way Properties LLC	11,641,577	Real Estate	0.24%
Total	\$1,052,684,464		21.39%

⁽¹⁾ Percentage based on a total taxable value of \$4,920,625,964, which does not include the State unitary value of \$296,654, for Fiscal Year 2013-14.

Source: City of Compton.

Dissolution of Redevelopment Agencies. In connection with Assembly Bill 26 of the 2010-11 First Extraordinary Session (“ABx1 26”), the State required redevelopment agencies to cease operations. Upon the dissolution of such redevelopment agencies, the State required any property taxes that would have been allocated to redevelopment agencies to be allocated to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agencies, with remaining balances to be allocated in accordance with applicable constitutional and statutory provisions. On December 29, 2011, the Supreme Court of the State, in a case entitled California Redevelopment Association v. Matosantos, held that the dissolution provisions set forth in ABx1 26 were constitutional. See “STATE OF CALIFORNIA BUDGET AND SUPPLEMENTAL FINANCIAL INFORMATION - State Budget for Fiscal Year 2015-16” herein. Accordingly redevelopment agencies were required to cease operations as of February 1, 2012. The City elected to serve as the successor agency to its dissolving redevelopment

agency, the Community Redevelopment Agency of the City of Compton, and to retain the assets, obligations and functions previously performed by the Community Redevelopment Agency of the City of Compton and wind down its affairs.

Utility Users Tax

The City collects a tax (the “Utility Users Tax”) from utility users within the City’s boundaries. Such users are charged at the following rates based on usage of utility services, including electricity (10%), telecommunications (8.5%), gas (10%), and water services (10%). The tax is not applicable to State, County, or City agencies, insurance companies or banks. In Fiscal Year 2014-15, Utility Users Taxes were collected by the City in the amount of approximately \$13 million, and accounted for approximately 22.5% of total General Fund revenues for the City. Table 9 below sets forth Utility Users Tax receipts and their respective percentage of General Fund revenues from Fiscal Year 2008-09 through Fiscal Year 2014-15.

TABLE 9
CITY OF COMPTON
UTILITY USERS TAX RECEIPTS
Fiscal Years 2008-09 through 2014-15

Fiscal Year	Amount	Percentage of General Fund Revenues
2008-09	\$14,934,144	30.8%
2009-10	14,934,144	24.4
2010-11	12,522,154	28.3
2011-12	13,010,117	28.6
2012-13	13,201,608	28.3
2013-14	12,775,982	24.5
2014-15	12,867,418	22.5

Source: City of Compton Annual Financial Report for Fiscal Year ended June 30, 2009; City of Compton Annual Financial Report for Fiscal Year ended June 30, 2010; City of Compton Internal Financial Report for Fiscal Year ended June 30, 2011 (Unaudited); City of Compton Internal Financial Report for Fiscal Year ended June 30, 2012 (Audited); City of Compton Internal Financial Report for Fiscal Year ended June 30, 2013 (Audited); City of Compton Internal Financial Report for Fiscal Year ended June 30, 2014 (Unaudited); and City of Compton Internal Financial Report for Fiscal Year ended June 30, 2015 (Unaudited).

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Sales and Use Taxes

The sales tax is an excise tax imposed on retailers for the privilege of selling tangible personal property. The use tax is an excise tax imposed on a person for the storage, use or other consumption of tangible personal property purchased from any retailer. The proceeds of sales and use taxes (collectively, "Sales Tax") imposed within the boundaries of the City are distributed by the State to various agencies as shown below in Table 10. The total Sales Tax rate for the 2013-14 fiscal year for the City was 9%. The following Table 10 sets forth Sales Tax revenues for the City for Fiscal Years 2008-09 through 2014-2015.

TABLE 10
CITY OF COMPTON
SALES TAX RECEIPTS
Fiscal Years 2008-09 through 2014-15

Fiscal Year	Amount	Percentage of General Fund Revenues
2008-09	\$6,727,145	13.9%
2009-10	6,094,694	11.0
2010-11	6,909,981	15.6
2011-12	6,577,690	14.4
2012-13	7,245,927	15.5
2013-14	7,741,982	14.8
2014-15	7,795,694	13.4

Source: City of Compton Annual Financial Report for Fiscal Year ended June 30, 2009, City of Compton Annual Financial Report for Fiscal Year ended June 30, 2010; City of Compton Internal Financial Report for Fiscal Year ended June 30, 2011 (Unaudited); City of Compton Internal Financial Report for Fiscal Year ended June 30, 2012 (Audited); City of Compton Internal Financial Report for Fiscal Year ended June 30, 2013 (Audited); City of Compton Internal Financial Report for Fiscal Year ended June 30, 2014 (Unaudited); and City of Compton Internal Financial Report for Fiscal Year ended June 30, 2015 (Unaudited).

Employees and Labor Relations

The following Table 11 sets forth a summary of City employment for Fiscal Years 2008-09 through 2014-15.

TABLE 11
CITY OF COMPTON
EMPLOYMENT LEVELS
Fiscal Years 2008-09 through 2014-15

Fiscal Year	Full-Time Equivalent⁽¹⁾
2008-09	555.5
2009-10	556.0
2010-11	575.0
2011-12	393.5
2012-13	393.5
2013-14	354.0
2014-15	381.0

⁽¹⁾ Figures represent number of authorized full time equivalent positions as of the adoption of the City Budget for each fiscal year.

Source: City of Compton.

For the 2012-13 fiscal year, five bargaining units had contracts with the City that had expired. The bargaining units are with the Service Employees' International Union, Local 347 - Public Safety Auxiliary ("SEIU

— Public Safety Auxiliary”), Service Employees’ International Union, Local 347 - Maintenance and Trades Unit (“SEIU — Maintenance and Trades” and, together with SEIU — Public Safety Auxiliary, “SEIU”), Local Union of Municipal Non-Supervisory Employees, Compton Management Employees Association, Local 2325, Compton Fire Fighters, Local 2216 (collectively, the “Coalition of Compton Unions”). The City has historically enjoyed positive relations with its bargaining units. The City and the Coalition of Compton Unions entered into a Side Letter Agreement pursuant to which certain modifications were made to each of the respective MOUs for a limited negotiation period. During the term of the Side Letter Agreement, all terms, conditions, provisions and conditions of existing MOUs for each member of the Coalition of Compton Unions were to continue except as modified in the Side Letter Agreement. Pursuant to the Side Letter Agreement, the City agreed that it did not intend to lay-off or furloughs current employees in positions represented by the City’s employee bargaining unions AFSCME, SEIU and IAFF except as set forth in the Side Letter Agreement. The Side Letter Agreement expired June 30, 2014. During the Fiscal Year 2014-15, the City negotiated new contracts with the SEIU – Public Safety Auxiliary, SEIU – Maintenance and Trades, Local Union of Municipal Non-Supervisory Employees, and the Compton Fire Fighters, Local 2216. The City and the Compton Management Employees Association, Local 2325 are currently engaged in negotiations regarding a new contract for the Compton management employees.

The following Table 12 sets forth the expiration dates for the respective memorandum of understanding (“MOU”) with each of the City’s certified employee organizations with the City. As indicated on Table 12, MOU’s with the City’s five bargaining units expire June 30, 2016. The City Manager did not include a provision in the proposed FY 17 budget for wage or cost-of-living adjustments. Budget appropriation has been included, however, for MOU related step increases. There are five steps (A-E) provided for in the MOU for each bargaining unit position; the difference between each step is 3%. Many long-term employees are at the E Step, therefore, those employees are no longer eligible for additional step increases. Negotiations with the bargaining units have not been scheduled.

TABLE 12
CITY OF COMPTON
BARGAINING UNITS

Bargaining Unit	MOU Expiration Date
Service Employees’ International Union, Local 347 - Public Safety Auxiliary Service	June 30, 2016
Employees’ International Union, Local 347 - Maintenance and Trades Unit Local	June 30, 2016
Union of Municipal Non-Supervisory Employees	June 30, 2016
Compton Management Employees Association, Local 2325	June 30, 2016
Compton Fire Fighters, Local 2216	June 30, 2016

Source: City of Compton

Retirement Benefit Tax Override

In 1947, the voters of the City passed a ballot initiative authorizing the City to levy an ad valorem property tax for purposes of funding a pension program for certain City employees (the “Charter-Authorized Levy”). At the time such ballot initiative was passed, the maximum override tax rate that could be levied in any fiscal year was established as \$1.00 per \$100 of assessed value. On an annual basis, by resolution of the City Council, the City sets the override tax rate for the coming fiscal year based on the estimated dollar amount necessary to fund the then-current fiscal year’s pension and other benefits costs (taking into account that portion of the levy allocated to redevelopment purposes under Article XVI, Section 16 of the Constitution of the State and applicable law). Historically, the override tax rate has varied based on the requirements of the City’s pension fund system.

Pursuant to State law regarding the levy of tax rates for pension purposes, the City may not implement a levy equal to or greater than \$0.501632 per \$100 of assessed value. The City has implemented a Charter-Authorized Levy of \$0.451632 per \$100 of assessed value since 1992-93. The City does not presently expect to change the current Charter-Authorized Levy. In Fiscal Years 2013-14 and 2014-15, the City collected approximately \$14.5 million and \$14.6 million, respectively, from the Charter Authorized Levy.

Defined Benefit Pension Plan

The City's defined benefit pension plan (the "City Employees Retirement Plan") provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City Employees Retirement Plan is part of the public agency portion of the California Public Employees' Retirement System ("CALPERS"). CALPERS is administered by a 13-member Board of Administration (the "CALPERS Board"), which consists of two members elected by and from all CALPERS members, one member elected by and from all active State members, one member elected by and from all active CALPERS school members, one member elected by and from all active CALPERS public agency members, one member elected by and from the retired members of CALPERS, two members appointed by the Governor (one being an elected official of a local government and the other an official of a life insurer), one public representative appointed jointly by the Speaker of the Assembly and the Senate Rules Committee, and four State officials, the State Controller, the State Treasurer, the Director of the California Department of Human Resources, and a designee of the State Personnel Board, each acting in an ex officio capacity. For additional information regarding the City's pension and retiree health care programs and costs, see the City's financial statements attached in Appendix C hereto. As used in this section, "- Defined Benefit Pension Plan", the term "employees" refers to the portion of employees of the City whose benefits are granted through CALPERS.

The following information concerning CALPERS has been excerpted from publicly available sources, which the City believes to be accurate, or otherwise obtained from the CALPERS and has not been independently verified by the City, the Underwriter or the Financial Advisor, and is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the City, the Underwriter or the Financial Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent gains or losses on investments made by the retirement systems generally may have changed the unfunded actuarial accrued liabilities stated below. CALPERS' assets will not secure or be available to pay principal of or interest on the Notes or on any obligations of the City or any other member agency. Further, the assets of the City's pension plan are not available for such payments. CALPERS issues publicly available reports, including its financial statements, required supplementary information and actuarial valuations for the herein described defined benefit retirement program and the City Employees Retirement Plan. The reports are available on CALPERS website: <http://www.calpers.ca.gov/>. Information on such site is not incorporated herein by reference.

Information regarding the pension plans for police personnel (the "Safety Plan-Police"), fire department personnel (the "Safety Plan-Fire") and other City personnel (the "Miscellaneous Plan") was obtained from the CALPERS report entitled "Safety Police Plan of the City of Compton (CALPERS ID: 1001685032) Annual Valuation Report as of June 30, 2013" dated October 2014 (the "2013 CALPERS Safety Police Valuation"), "Safety Fire Plan of the City of Compton (CALPERS ID: 1001685032) Annual Valuation Report as of June 30, 2013" dated October 2014 (the "2013 CALPERS Safety Fire Valuation") and "Miscellaneous Plan of the City of Compton (CALPERS ID: 1001685032) Annual Valuation Report as of June 30, 2013" dated October 2014 (the "2013 CALPERS Miscellaneous Valuation") and the City's financial statements for Fiscal Years ended June 30, 2008 through June 30, 2012, including the City's Audited Annual Financial Report for Fiscal Year ended June 30, 2012, which reports are the most recent actuarial valuations and financial statements available to the City as of the date of this Limited Offering Memorandum. Such reports have not been updated since their respective dates.

The information contained in this section "- Defined Benefit Pension Plan" relies on information produced by the pension plans described herein, independent accountants, and CALPERS' chief actuary and plan actuaries (collectively, the "CALPERS Actuary"). The actuarial assessments contain "forward looking" information that reflects the judgment of CALPERS and the pension plans and their independent accountants and actuaries. The actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the pension plans.

Membership. The following Table 13 sets forth the membership of the City Employees Retirement Plan as of June 30, 2014.

TABLE 13
CITY EMPLOYEES RETIREMENT PLAN
Membership as of June 30, 2014

	Miscellaneous	Safety Police	Safety Fire	Total
Active Members	226	--	63	289
Transferred Members	155	24	19	188
Terminated Members	148	--	--	148
Separated Members	--	1	9	10
Retired Members	466 ⁽¹⁾	265	141	872
Total Membership	1867	290	232	1507

⁽¹⁾ Includes Beneficiaries.

Sources: 2014 CALPERS Miscellaneous Valuation, 2014 CALPERS Safety Police Valuation and 2014 CALPERS Safety Fire Valuation.

The Safety Plan-Fire has fewer than 100 active members and, pursuant to CALPERS; policy, is required to participate in a risk pool. At the time the Safety Plan-Fire joined the risk pool, a side fund was created to account for the difference between the funded status of the risk pool and the funded status of the City's Safety Plan-Fire. The side fund valuation as of June 30, 2014 was \$(5,319,660) and the adjusted employer payment for the side fund was \$2,034,454 (for 2015-16 fiscal year). The City's contribution rate to the side fund is determined upon whether or not the side fund has a positive negative valuation. The side fund is credited, on an annual basis, with the actuarial investment return assumption, which is presently 7.5%. Benefits for the Safety Plan-Fire are funded from the assets of the risk pool and from related investment earnings. The City Charter requires the City to contribute the amounts necessary to fund the side fund of the Safety Plan-Fire from the proceeds of the Charter-Authorized Levy.

The Safety Plan-Police has fewer than 100 active members and, pursuant to CALPERS; policy, is required to participate in a risk pool. At the time the Safety Plan-Police joined the risk pool, a side fund was created to account for the difference between the funded status of the risk pool and the funded status of the City's Safety Plan-Police. The side fund valuation as of June 30, 2014 was negative \$8,970,314 and the adjusted employer payment for fiscal year 2016/2017 is \$769,552. The City's contribution rate to the side fund is determined upon whether or not the side fund has a positive negative valuation. The side fund is credited, on an annual basis, with the actuarial investment return assumption, which is presently 7.5%. Benefits for the Safety Plan-Police are funded from the assets of the risk pool and from related investment earnings. The City Charter requires the City to contribute the amounts necessary to fund the side fund of the Safety Plan-Police from the proceeds of the Charter-Authorized Levy.

Retirement Contributions. The City's contributions to the CALPERS plan include the employer-paid member contribution described above and the actuarially determined annual required contribution ("ARC"), which varies each year based on an annual actuarial plan valuation. The ARC is calculated using the entry age actuarial cost method and consists of two components: the "normal cost," which represents the portion of the actuarial present value of the benefits that the City and its employees will be expected to fund that are attributable to a current year's employment, and the amortized amount of the unfunded actuarial accrued liability ("UAAL"). The amortization of the UAAL represents the current year's portion of the unfunded accrued costs (i.e., the UAAL) attributable to past years' employment. The UAAL is an estimate based on a series of assumptions that operate on economic and demographic data of the CALPERS plan membership and may increase or decrease as result of changes in actuarial assumptions (such as the assumed investment rate of return of 7.50%, net of administrative expenses), benefit improvements and other experience that differ from that anticipated by the actuarial assumptions. This process is used to determine, as of the date of the calculation, how sufficient the assets in the CALPERS plan are to fund, as of the date of calculation, the accrued costs attributable to CALPERS plan participants. The funding sufficiency is typically expressed as the ratio of the valuation assets to the actuarial accrued liabilities. If the actuarially calculated funding level of a plan is less than 100%, the plan has a UAAL. For a summary of principal assumptions and methods used to determine the ARC for the City's CALPERS plan for police safety employees (the "Safety Police Plan"), fire safety employees (the "Safety Fire Plan") and non-safety employees (the "Miscellaneous Plan"), see Note 10 to the financial statements attached to this Limited Offering Memorandum as "APPENDIX C-2: CITY OF COMPTON ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013."

#18.

The City Charter requires that the City levy a tax sufficient to meet all obligations of the City to CALPERS for the retirement of City employees, due and unpaid or to become due during the ensuing fiscal year. See “Retirement Benefit Tax Override” herein.

Members of the City’s Miscellaneous Plan, Safety Plan-Fire, and Safety Plan-Police are required to contribute 8%, 9%, and 9% respectively, of their monthly salary, and the City is required to contribute based on an actuarially determined rate. The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of CALPERS. The required employer contribution rates for Fiscal Year 2016-17 are 37.313% for Miscellaneous Plan members and 21.230% plus \$3,173,816 (representing employer payment of unfunded liability) for Safety Plan-Fire members. The City is required to contribute \$1,198,387 representing employer payment of unfunded liability for Safety Plan-Police members for Fiscal Year 2016-17. The projected required employer contribution rates for Fiscal Year 2015-16 were 32.6% for Miscellaneous Plan members and 61.3% for Safety Plan-Fire members. The City is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the City may be required to make to CALPERS. Accordingly, there can be no assurances that the City’s required contributions to CALPERS will not significantly increase in the future above current levels.

Annual Pension Cost of the City. Statement No. 27 of the Governmental Standards Accounting Board (“GASB 27”) establishes standards for the measurement, recognition, and display of pension expenditures and expenses and related liabilities, assets, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. CALPERS is a defined benefit and cost-sharing, multiple employer plan. Pursuant to GASB 27, employers that participate in cost-sharing multiple employer defined benefit pension plans are required to recognize pension expenditures and expenses equal to the employer’s contractually required contributions and a liability for unpaid contributions. GASB 27 recommends that recognition be on the modified accrual or accrual basis depending on the fund type or type entity.

The following Table 14 sets forth the City’s annual pension cost and the percentage contributed for Fiscal Years 2006-07 through 2013-14.

TABLE 14
CITY OF COMPTON
ANNUAL PENSION COST AND PERCENTAGE CONTRIBUTED ¹
Fiscal Years 2006-07 through 2013-14

Fiscal Year	<u>Annual Pension Cost</u>			Percentage of Pension Cost Contributed
	Miscellaneous	Safety	Total	
2006-07	\$3,370,048	\$5,364,951	\$8,734,999	100%
2007-08	2,895,656	5,788,886	8,684,542	100
2008-09	3,370,048	5,364,951	8,734,999	100
2009-10	3,311,771	5,788,886	9,100,657	100
2010-11	3,185,379	5,490,360	8,675,739	100
2011-12	4,023,749	6,659,721	10,683,470	100
2012-13	3,409,878	6,487,629	9,897,499	100
2013-14	3,799,141	6,659,889	10,459,030	100

¹ The City has made its annual required contribution for each of the past three years. The difference between the ARC and the Annual Pension Cost is due to the amortization of the net pension asset.

Source: City of Compton — Comprehensive Annual Financial Reports for the Fiscal Years ended June 30, 2007 through June 30, 2010, 2012 CALPERS Miscellaneous Valuation, 2012 CALPERS Safety Fire Valuation, 2013 CALPERS Miscellaneous Valuation, 2013 CALPERS Safety Fire Valuation.

Unfunded Actuarial Accrued Liability and Unrecognized Gains/Losses as of June 30, 2012. In its 2012 CALPERS Miscellaneous Valuation, the Miscellaneous Plan funded ratio (i.e., the ratio of valuation value of assets of CALPERS over the actuarial accrued liability) was 77.4% as of June 30, 2012. The UAAL of the Miscellaneous Plan increased to \$38,481,693 as of June 30, 2012 from \$37,063,760 as of June 30, 2011. In its 2012 CALPERS Safety Plan-Fire Valuation, the funded ratio of the Risk Pool in which the Safety Plan-Fire and Safety Plan-Police are included (i.e., the ratio of valuation value of assets of CALPERS over the actuarial accrued liability) increased to 84.3% as of June 30, 2012 from 84.2% as of June 30, 2011. The UAAL of the Risk Pool in which the Safety Plan-

Fire and Safety Plan — Police are included increased to \$1.70 billion as of June 30, 2010 from \$1.69 billion as of June 30, 2009.

The CALPERS Actuary estimated that the amount of unrecognized gain applicable to the Miscellaneous Plan from investments in the investment portfolio as of June 30, 2010 totaled approximately \$1,913,393. The CALPERS Actuary estimated that the amount of unrecognized loss applicable to the Risk Pool in which the Safety Plan-Fire and Safety Plan-Police are included from investments in the investment portfolio as of June 30, 2010 totaled approximately \$18.3 million. The unrecognized gains and losses and the Miscellaneous Plan and the Risk Pool in which the Safety Plan-Fire and Safety Plan-Police are included are being amortized over a fixed and declining 30-year period and will be recognized by CALPERS in accordance with its smoothing methodology. See “— Smoothing Methodology and Valuation Corridor” herein.

The ARC for the Miscellaneous Plan for Fiscal Years 2010-11 and 2011-12 were approximately million and \$4.18 million, respectively. If the City elects the annual lump sum prepayment option, the ARC for the Miscellaneous Plan for the period July 1, 2012 through June 30, 2013 would be \$4,085,104. There is a lag between the point in time at which the actuary completes the actuarial valuation and the date that the contribution rates calculated in the valuation go into effect. The ARC for the period July 1, 2012 to June 30, 2013 has been determined by an actuarial valuation of the plan as of June 30, 2010.

Smoothing Methodology and Valuation Corridor. In April 2005, the PERS Board of Administration adopted its Employer Rate Stability Policy (the “Employer Rate Stability Policy”), which provided for, among other things, calculating the annual contribution amount with regard to gains and losses as a rolling 30-year amortization of all remaining unamortized gains and losses (as opposed to recognizing 10% of annual gains and losses pursuant to prior policy) beginning with the actuarial valuation as of June 30, 2004. Pursuant to such policy change, multiple amortization bases (including those for benefit improvement or changes in actuarial methods or assumptions, which are typically less than 30 years) were combined into a single base (the gain and loss bases) and amortized over a rolling 30-year period to effect a “fresh start” as of June 30, 2004. The Employer Rate Stability Policy did not affect other existing amortization bases for benefit improvements, assumptions changes and method changes. Accordingly, all gains or losses to CALPERS are tracked and amortized over a rolling 30-year period with the exception of special gains and losses in Fiscal Years 2008-09, 2009-10 and 2010-11 as described below. The gains or losses during each of these fiscal years is isolated and amortized over fixed and declining 30-year periods instead of the current, rolling 30-year amortization applied to other fiscal years. If a plan’s accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability.

In order to moderate the effect of short term market value fluctuations on employer contribution rates, the following asset smoothing technique is used. First an Expected Value of Assets is computed by bringing forward the prior year’s Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-fifteenth of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date.

In December 2009, the CALPERS Board of Administration adopted changes to the asset smoothing method in order to phase in over a three year period the impact of the negative 24% investment loss experienced by CALPERS in Fiscal Year 2008-09. Under the new methodology, which is not mandatory for employers, investment gains and losses will be tracked and the net unamortized gain or loss will be amortized and paid off over a fixed and declining 30-year period instead of the current, rolling 30-year amortization period, with the exception of gains and losses in Fiscal Years 2008-09, 2009-10, and 2010-11. For Fiscal Years 2008-09, 2009-10, and 2010-11, such fiscal year’s gains or losses are isolated and amortized over fixed and declining 30-year periods. In addition, CALPERS has adopted a policy such that if a plan’s accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability of such plan may not be less than the amount produced by a 30-year amortization of the unfunded liability. Further, all CALPERS plans will be subject to a minimum employer contribution rate equal to the employer’s normal cost plus a 30-year amortization of surplus, if any.

Pursuant to the current CALPERS valuation policy, the actuarial value of assets for the June 30, 2009 actuarial valuation, which was used to establish the contribution requirements for fiscal year 2010-11, could not be more than 140 percent of the market value or less than 60 percent of the market value. The actuarial value of assets for the June 30, 2010 actuarial valuation, which was used to establish the contribution requirement for Fiscal Year

2011-12, could not be more than 130 percent of the market value or less than 70 percent of the market value. The actuarial value of assets for the June 30, 2011 actuarial valuations, which was used to set the contribution requirements for Fiscal Year 2012-13, could not be more than 120 percent of the market value or less than 80 percent of the market value. Further, the current CALPERS valuation policy dictates that any asset loss outside of the 80 percent to 120 percent corridor will be isolated, and paid down with a fixed and certain 30-year amortization schedule. By utilizing a fixed and certain 30-year payment schedule, CALPERS projects that these losses will be paid in full at the end of 30 years and will be independent of any investment gain or loss experienced by the remainder of CALPERS investment portfolio.

Historical Funding Progress

The following Tables 15 and 16 sets forth the schedule of funding progress as of the five most recent actuarial valuation dates. Funding progress is measured by a comparison of Miscellaneous Plan assets and Safety Plan assets that have been set aside by CALPERS to pay plan benefits with plan liabilities.

TABLE 15
CITY OF COMPTON
SCHEDULE OF FUNDING PROGRESS — MISCELLANEOUS PLAN
Fiscal Year ended June 30, 2006 through June 30, 2014

Actuarial Valuation Date	Accrued Liability (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Liability (a) — (b)	Funded (AVA) (b)/(a)	Ratios Market Value	Annual Covered Payroll (c)	UL as a % of Covered Payroll (a)-(b)1/(c)
6/30/2006	\$122,975,578	\$102,506,156	\$20,469,422	83.40%	88.60%	\$12,174,711	168.10%
6/30/2007	130,255,772	109,385,522	20,870,250	84.00	97.90	13,975,341	149.30
6/30/2008	136,746,394	115,068,267	21,678,127	84.10	86.40	15,453,499	140.30
6/30/2009	152,457,507	120,187,692	32,269,815	78.80	57.80	18,433,468	175.10
6/30/2010	157,852,083	124,973,698	32,878,385	79.20	62.20	18,611,429	176.70
6/30/2011	167,117,156	130,053,396	37,063,760	77.80	69.30	17,963,289	206.30
6/30/2012	170,305,337	131,823,644	38,481,693	77.40	64.60	12,707,049	302.80
6/30/2013	173,153,644	117,268,967	55,884,677	67.70	67.70	12,933,325	432.10
6/30/2014	186,893,003	130,923,833	55,969,170	70.10	UA*	12,577,168	445.00

Source: 2014 CALPERS Miscellaneous Valuation.

* Ratio Market value unavailable for 2014

TABLE 16
CALPERS RISK POOL
SCHEDULE OF FUNDING PROGRESS — SAFETY PLAN - FIRE
Fiscal Year ended June 30, 2006 through June 30, 2012

Actuarial Valuation Date	Accrued Liability (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Liability (a) - (b)	Funded Ratios		Annual Covered Payroll (c)	UL as a % of Covered Payroll (a)-(b)]/(c)
				(AVA) (b)(a)	Market Value		
6/30/2006	\$7,278,049,834	\$6,102,615,567	\$1,175,434,267	83.90%	88.90%	\$754,730,438	155.70%
6/30/2007	7,986,055,176	6,826,599,459	1,159,455,717	85.50	99.00	831,607,658	139.40
6/30/2008	8,700,467,733	7,464,927,716	1,235,540,017	85.80	87.30	914,840,596	135.10
6/30/2009	9,721,675,347	8,027,158,724	1,694,516,623	82.60	60.20	973,814,168	174.00
6/30/2010	10,165,475,166	8,470,235,152	1,695,240,014	83.30	65.40	955,980,815	177.30
6/30/2011	10,951,745,099	9,135,654,246	1,816,090,803	83.40	74.50	949,833,090	191.20
6/30/2012	11,724,021,480	9,854,787,710	1,869,233,770	84.10	70.40	947,734,809	197.20

Source: 2012 CalPERS Safety Risk Pool Valuation.

The following Table 17 sets forth the value of the assets of the Miscellaneous Plan during the period fiscal year 2005-06 through fiscal year 2013-14 actuarial valuation dates based on the actuarial value and market value.

TABLE 17
CITY EMPLOYEES RETIREMENT PLAN - MISCELLANEOUS PLAN
ASSET VALUE COMPARISON
Fiscal Year ended June 30, 2006 through June 30, 2014

Valuation Date	Actuarial Value of Assets	Market Value of Assets
6/30/06	\$102,506,156	\$108,980,095
6/30/07	109,385,522	127,474,122
6/30/08	115,068,267	118,152,784
6/30/09	120,187,692	88,094,500
6/30/10	124,973,698	98,186,192
6/30/11	130,053,396	115,812,189
6/30/12	131,823,644	109,176,136
6/30/13	117,268,967	117,268,967
6/30/14	N/A *	130,923,833

Sources: 2008 through 2014 CALPERS Miscellaneous Valuations.

* According to report, CALPERS no longer uses an actuarial value of assets and only uses the market value of assets.

Actuarial Assumptions. The CALPERS Actuary considers various factors in determining the assumptions to be used in calculating funding ratios. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability and other factors. In addition, the CALPERS Actuary considers certain economic factors assumptions in determining the assumptions to be used in calculating funding ratios. The actuarial assumptions have a significant impact on the determination of the ratio of assets of the Miscellaneous Plan and the Safety Plan that are set aside to pay plan benefits. Significant actuarial assumptions of the CALPERS Actuary in the 2012 CALPERS Miscellaneous Valuation and the 2012 Safety Plan include: (a) a rate of return on the investment of 7.5% per year (net of expenses); (b) an inflation assumption of 3.00% compounded annually; and (c) overall payroll growth of 3.00% compounded annually (used in projecting the payroll over which the unfunded liability is amortized). In addition, actuarially determined assumptions relating to salary growth in the amount of 3.30% to 14.20% for the Miscellaneous Plan and the amount set forth in an actuarially determined table for the Safety Plan and assumptions relating to age, service and type of employment, pre- and post-retirement mortality, marital status, age of spouse, terminated members, termination with refund, termination with vested benefits, non-industrial and industrial disability, and service retirement are included in the 2012 CALPERS Miscellaneous Valuation and the 2012 CALPERS Safety Risk Pool Valuation. The potential liability loss for a cost of living increase exceeding the 3% inflation assumption and the potential liability loss, if any, from future members' service purchases are not reflected in the 2013 CALPERS Miscellaneous Valuation or the 2013 CALPERS Safety Valuation.

In April 2012, CALPERS announced changes to certain economic assumptions including the reduction of CALPERS discount rate to 7.50 percent from 7.75 percent. This lower rate will be phased in over a period of two years. The Board of Administration may modify its assumptions based in part on analyses of experience and recommended changes submitted by the CALPERS Actuary.

The following Table 18 sets forth certain economic actuarial assumptions for CALPERS' Public Employees Retirement Fund ("PERF") for the Fiscal Years ended June 30, 2007 through June 30, 2014.

TABLE 18
CALPERS PUBLIC EMPLOYEES RETIREMENT FUND
ACTUARIAL ASSUMPTIONS
Fiscal Years ended June 30, 2007 through June 30, 2014

Actuarial Assumption	2007	2008	2009	2010	2011	2012	2013	2014
Investment Returns	7.75%	7.75%	7.75%	7.75%	7.50%	7.50%	7.50%	7.50%
Inflation	3.00	3.00	3.00	3.00	2.75	2.75	3.00	3.00

Source: CALPERS Comprehensive Annual Financial Reports for Fiscal Years ended June 30, 2007 through June 30, 2014 for the assumptions for Fiscal Years ended June 30, 2007 through June 30, 2014

CALPERS issues a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CALPERS comprehensive annual financial report and actuarial valuations may be obtained from the CALPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information set forth therein is not incorporated by reference in this Limited Offering Memorandum.

Investment Policy. CALPERS has established a series of procedures and guidelines. The procedures, grouped together as the “Total Fund Statement of Investment Policy” (the “CALPERS Investment Policy”), which was approved by its investment committee on December 14, 2009, guide CALPERS’ investment program. The CALPERS Investment Policy has been designed to allow CALPERS to achieve a long-term total return. As such, prudent risk-taking is appropriate within the context of overall diversification to meet CALPERS long-term investment objectives. The assets of CALPERS are to be broadly diversified to minimize the effect of short-term losses within any investment program. In addition, consistent with Article XVI, section 17 of the California Constitution, all of CALPERS investment activities, and all investment transactions, are to be designed and executed solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering CALPERS. The performance objective and benchmark of the Investment Policy directs that: (i) the assets of CALPERS will be invested to meet or exceed the actuarial rate over the long-term; (ii) CALPERS will seek to maximize the returns for the level of risk taken; (iii) CALPERS will seek to achieve a return that exceeds its policy index; and (iv) CALPERS will invest its assets efficiently, bearing in mind the impact of management and transaction costs on the return of the assets.

The following Table 19 sets forth the asset allocations for the PERF, of which the assets for the Safety Plan and the Miscellaneous Plan are a part and are invested accordingly, and the PERF investment portfolio as of March 31, 2014.

TABLE 19
CALPERS PUBLIC EMPLOYEES RETIREMENT FUND
INVESTMENT ASSET ALLOCATION
(\$ in Billions)
As of March 31, 2014

Asset Class	Market Value	Allocation	Target
Total Equities	\$191.74	63.6%	64.0%
Total Fixed Income	47.03	15.6	17.0
Short Term Liquidity	9.05	3.0	4.0
Real Estate Assets	30.15	10.0	11.0
Inflation Protected	9.94	3.3	4.0
Total Plan Level / Multi-Asset	9.04	3.0	-
Absolute Return Strategy	4.53	1.5	-
Total Fund	\$301.48	100.0%	100.0%

Source: www.calpers.ca.gov. Target allocation is effective as of 2014.

The following Table 20 sets forth the annualized rate of return on investments in the Public Employees Retirement Fund, which includes the City's Miscellaneous Plan and Safety Plan, for the Fiscal Years ended June 30, 2005 through June 30, 2014 based upon the market value of the investments.

TABLE 20
CALPERS PUBLIC EMPLOYEES RETIREMENT FUND
INVESTMENT RESULTS
Fiscal Year ended June 30, 2005 through June 30, 2014

Fiscal Year Ended June 30	Annualized Rates of Return
2005	12.2
2006	11.9
2007	18.8
2008	(2.9)
2009	(23.6)
2010	11.1
2011	20.7
2012	1.0
2013	12.5
2014	18.4

Source: CALPERS Facts at a Glance June 2015

Pension Accounting and Financial Reporting Standards. In 2012, the Governmental Accounting Standards Board issued Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"), which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits, including the City. GASB 68, among other things, requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and provides greater guidance on measuring the annual costs of pension benefits, including through guidelines on projecting benefit payments, use of discount rates and use of the "entry age" actuarial cost allocation method. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014. The City anticipates complying with the provisions of GASB 68 by its effective dates.

Retirement Benefits Payments. For several years beginning in Fiscal Year 2006-07 the City experienced difficulty making required payments on a timely basis to CALPERS for certain pension costs. During the months of October and December, 2012, the City remitted funds to CALPERS satisfying all outstanding amounts then due. Since 2012, a combination of improved cash flow and balanced budgets have enabled the City to remain current with payment of its obligation to CALPERS.

Other Postemployment Benefits

General. In addition to the benefits provided through the Miscellaneous Plan and the Safety Plan, the City provides postemployment healthcare benefits ("OPEB") under the CALPERS health plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The City's actuary conducted an OPEB valuation as of June 30, 2011 (the "2011 OPEB Valuation") with respect to the eligible retirees and the benefit levels set by the City. According to disclosures in the City of Compton Annual Financial Report for the Fiscal Year Ended June 30, 2012, the 2011 OPEB Valuation reflected an actuarial accrued liability of approximately \$116.9 million as of June 30, 2011, which amount is a decrease in the actuarial accrued liability of approximately \$8.80 million from June 30, 2009. The 2011 OPEB Valuation reflected an actuarial value of assets of \$0 and an annual required contribution of 46.4% of projected payroll as of June 30, 2012 and 36.0% of projected payroll as of June 30, 2013. The City's OPEB valuation as of June 30, 2009 (the "2009 OPEB Valuation") reflected an annual contribution of 37.4% of projected payroll as of June 30, 2010 and 48.8% of projected payroll as of June 30, 2011. The pay-as-you-go cost of the City's OPEB was approximately \$3.57 million as of June 30, 2011. The annual required contribution in the 2009 OPEB Valuation was used to determine the contribution requirement for Fiscal Years 2011-12 and 2012-13. The assumptions used in the 2011 OPEB Valuation included an individual entry-age normal cost method, 4.25% rate of return on investments, an aggregate payroll increase of 3.25% per year with

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merit increased based upon CALPERS' 1997-2007 CALPERS Experience Study (the "CALPERS Experience Study"), mortality, withdrawal, disability and retirement based upon the CALPERS Experience Study. The assumptions regarding investment rate of return and health care cost include a 3% inflation assumption. In addition, the 2009 Postemployment Valuation assumes full funding of the ARC through CALPERS' California Employers' Retiree Benefit Trust Fund. The UAAL of the City's OPEB plan is being amortized as a level percentage of projected payroll over 30 years. Plan changes are amortized over a fixed period of 20 years and assumption changes and experience gains and losses are amortized over a fixed period of 15 years. The next OPEB valuation will be as of June 30, 2014. Any changes made by the City to the assumed investment rate of return will apply to future OPEB valuations.

The following Table 21 sets forth members of the City's OPEB plan as of June 30, 2012.

TABLE 21
CITY OF COMPTON
OPEB PLAN MEMBERSHIP¹
Fiscal Year ended June 30, 2012

	Miscellaneous	Safety Police	Safety Fire	Total
Active Members Employee	233	--	68	301
Service Retirees	442	270	136	848
Total Membership	675	270	204	1,149

¹ Includes Beneficiaries.

Source: City of Compton Annual Financial Report for Fiscal Year Ended June 30, 2012

The City currently funds these benefits on a pay-as-you-go basis, paying an amount in each Fiscal Year equal to the benefits distributed or disbursed in that Fiscal Year. The City makes a defined monthly payment towards the cost of each retiree's coverage. The City contributed \$3,569,781 to the plan for the Fiscal Year ended June 30, 2011. The City's contribution rate for Fiscal Year 2011-12 was \$3,760,080 and the City's contribution rate for Fiscal Year 2012-13 was \$4,075,351.

The City's ARC for OPEB was \$11,599,000 for Miscellaneous Plan members and \$2,994,000 for Safety Plan members for Fiscal Year ended June 30, 2011. The following, based on the actuarial valuation as of June 30, 2013, shows the components of the City's annual OPEB Cost for the year, the amount contributed to the plan, and the change in the City's Net OPEB obligation.

TABLE 22
CITY OF COMPTON
ANNUAL PENSION COST AND PREPAID PENSION ASSET
Fiscal Year ended June 30, 2013

	Total
Annual Service Cost	\$9,820,000
Interest on Net OPEB Obligation	1,299,000
Adjustment to Service Cost	(1,427,000)
Required Contribution During the Year (if plan is prefunded)	\$9,692,000
Contribution paid (based on Pay-As-You-Go Basis)	(4,075,351)
Increase in Net OPEB Obligation	\$5,616,649
Net OPEB Obligation — Beginning of Year	\$30,692,139
Net OPEB Obligation — End of Year	\$36,308,788

Source: City of Compton Annual Financial Report for Fiscal Year ended June 30, 2013

Table 23 below sets forth the City's annual OPEB Cost, the percentage of the annual OPEB cost contributed by the City and the Net OPEB obligation subsequent to such contributions for the fiscal years ended June 30, 2009 through fiscal year ended June 30, 2013. Pursuant to City policy, the City operates a pay-as-you-go plan with respect to its OPEB. Accordingly, the annual OPEB contribution paid is lower than the actuarially determined required contribution. Further, the City pays its OPEB on actual invoice basis representing the actual

health expenses incurred by the covered retired employees during the year rather than pre-funding OPEB payments. There is presently no plan asset attributable to the OPEB plan and the City does not intend to prefund the OPEB plan.

TABLE 23
CITY OF COMPTON
ANNUAL OPEB COST
Fiscal Years ended June 30, 2009 through 2013

Fiscal Year Ended (June 30)	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$10,625,321	31%	\$ 9,819,737
2010	10,795,364	30	17,364,000
2011	11,453,000	31	25,247,219
2012	9,205,000	41	30,692,139
2013	9,692,000	42	36,308,788

Source: City of Compton Annual Financial Report for Fiscal Year ended June 30, 2011 (Unaudited), City of Compton Annual Financial Report for Fiscal Year ended June 30, 2012 and City of Compton Annual Financial Report for Fiscal Year ended June 30, 2013

OPEB Historical Funding Progress. The following Table 25 sets forth the schedule of funding progress of the City's AAL with respect to OPEB plan members as based upon the Actuarial Valuation of the City of Compton for the Year ended June 30, 2011 (the "2011 OPEB Valuation"). Funding progress is measured by a comparison of assets which have been set aside by the City to pay OPEB benefits with plan liabilities.

TABLE 24
CITY OF COMPTON - OPEB
OPEB SCHEDULE OF FUNDING PROGRESS — MISCELLANEOUS
Fiscal Year ended June 30, 2011

Valuation (Date)	Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2009	\$125,693,000	\$ 0	\$125,693,000	N/A	\$24,697,000	508.94%
June 30, 2011	116,939,000	0	116,939,000	N/A	26,315,000	444.00%

Source: City of Compton Annual Financial Report for Fiscal Year ended June 30, 2011 (Unaudited), City of Compton Annual Financial Report for Fiscal Year ended June 30, 2012 and City of Compton Annual Financial Report for Fiscal Year ended June 30, 2013

Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has established a Self Insurance Fund (an internal service fund) to account for and finance its self-insured risks of loss (the "Self Insurance Fund"). The Self Insurance Fund provides self-insurance to protect the City from losses due to workers' compensation and general liability claims which include all other risks of loss. The following Table 25 sets forth the Self Insurance Fund's claims liability amount in Fiscal Years 2006-07 through 2012-13.

TABLE 25
CITY OF COMPTON
CLAIMS AND JUDGMENTS
Fiscal Years 2006-07 through 2012-13

Fiscal Year	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Provision	Claim Payments	Balance at Fiscal Year-End
2006-07	\$ 8,249,762	\$5,023,726	\$(3,260,366)	\$10,013,122
2007-08	10,013,122	1,810,808	(3,738,337)	5,674,940
2008-09	5,674,940	1,916,375	(2,445,387)	5,145,928
2009-10	5,145,928	5,575,232	(2,668,952)	8,052,208
2010-11	8,052,208	3,427,720	(1,712,085)	9,767,843
2011-12	9,767,843	3,256,258	(1,677,063)	11,347,038
2012-13	11,347,038	3,770,561	(1,891,148)	13,226,451

Source: City of Compton Annual Financial Report for Fiscal Years ended June 30, 2007 through 2013.

Includes incurred claims representing the total of a provision for events of the current fiscal year and any change in the provision for events of prior fiscal years.

Indebtedness

Debt Policy. The City Charter provides that the bonded indebtedness of the City may not exceed the sum of fifteen (15%) percent of the total assessed valuation of property within the City, exclusive of any indebtedness that has been or may hereafter be incurred for the purpose of acquiring, establishing or extending a system of water-works for the supplying of water, or for the purpose of constructing sewers or drains in the City, for which purposes a further indebtedness may be incurred by the issuance of bonds, subject only to the provisions of the State Constitution and the City Charter. The taxable property value in the City for Fiscal Year 2014-15 is approximately \$5.19 billion, which results in a total current bonding capacity of approximately \$778.5 million. The City has never failed to pay any note, long term indebtedness or lease obligation as and when due.

Long Term Debt.

The following Table 26 sets forth of long-term debt obligations payable from the City's General Fund.

TABLE 26
CITY OF COMPTON
SUMMARY OF LONG-TERM DEBT OBLIGATIONS
PAYABLE FROM THE GENERAL FUND
As of June 30, 2014

	Interest Rates	Final Maturity Dates	Original Principal Amounts	Principal Amounts Outstanding
Energy Retrofit/Revenue Enhancement Mortgage Loan (2006)	4.52	July 1, 2022	\$4,012,184	\$2,559,554
Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Capital Projects) Series 2008	5.00 - 5.25	September 1, 2032	46,860,000	45,730,000
Total			\$50,872,184	\$48,289,554

Source: City of Compton.

The long term obligations listed in Table 27 reflect obligations payable from General Fund revenues. The long-term obligations set forth in Note 8 of the City of Compton Annual Financial Report for Fiscal Year ended June 30, 2012 include obligations payable from enterprise fund revenues and other sources outside of the City's General Fund.

Lease Obligations. As of June 30, 2015, the City was the lessee under certain capital leases in effect with respect to tree trimming truck, film processor / speedsetter equipment and a printing press machine. The following Table 27 sets forth the minimum lease obligation which existed in Fiscal Years 2013-14 through 2014-15 required

by the City under capital leases as of June 30, 2015. However, as of June 30, 2015 all the City's capital leases were fully paid. The City currently has no capital leases.

TABLE 27
CITY OF COMPTON
MINIMUM CAPITAL LEASE OBLIGATION
As of June 30, 2015

Fiscal Year ending June 30	Principal	Interest
2014	\$171,521	\$15,727
2015	23,383	557
Totals	\$194,904	\$15,745

Source: City of Compton Annual Financial Report for Fiscal Year ended June 30, 2013.

The balances of the capital lease for 2014 and 2015 are shown on the City of Compton Annual Financial Report for Fiscal Year ended June 30, 2013.

Direct and Overlapping Debt

Set forth in the following Table 28 on the following page is a direct and overlapping bonded indebtedness report as of October 1, 2013 (the "Debt Report") which was compiled by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City.

Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

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TABLE 28
CITY OF COMPTON
Estimated Direct and Overlapping Bonded Debt
As of October 1, 2014

2013-14 Assessed Valuation: \$4,981,467,529

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/14	% Applicable ⁽¹⁾	City's Share of Debt 6/30/14
Los Angeles County Flood Control District	\$ 17,480,000	0.432%	\$ 75,514
Metropolitan Water District	132,275,000	0.228	301,587
Compton Community College District	77,146,094	29.897	23,064,368
Compton Unified School District	50,730,664	54.160	27,475,728
Lynwood Unified School District	46,504,749	1.030	478,999
Paramount Unified School District	118,032,807	0.030	35,410
Los Angeles County Regional Park and Open Space Assessment District	113,615,000	0.437	496,498
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$51,928,104
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	\$1,835,420,030	0.437%	\$ 8,020,786
Los Angeles County Superintendent of Schools Certificates of Participation	9,529,882	0.437	41,646
Compton Unified School District Certificates of Participation	25,670,000	54.160	13,902,872
Lynwood Unified School District Certificates of Participation	20,985,000	1.030	216,146
Paramount Unified School District Certificates of Participation	27,375,213	0.030	8,213
City of Compton Certificates of Participation	45,730,000	100.	45,730,000
Los Angeles County Sanitation District No. 1 Authority	14,080,542	13.739	1,934,526
Los Angeles County Sanitation District No. 2 Authority	21,741,384	0.008	1,739
Los Angeles County Sanitation District No. 8 Authority	8,580,998	7.793	668,717
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$70,524,645
Less: Los Angeles County General Fund Obligations supported by landfill revenues			<u>22,004</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$60,502,641
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$108,372,530	100. %	\$108,372,530
TOTAL DIRECT DEBT			\$ 45,730,000
TOTAL GROSS OVERLAPPING DEBT			\$185,095,279
TOTAL NET OVERLAPPING DEBT			\$185,073,275
GROSS COMBINED TOTAL DEBT			\$230,825,279
NET COMBINED TOTAL DEBT			\$230,803,275²

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.04%
Total Direct Debt (\$45,730,000).....	0.92%
Gross Combined Total Debt	4.63%
Net Combined Total Debt.....	4.63%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,966,440,889):

Total Overlapping Tax Increment Debt.....	5.51%
AB:(\$475)	

General Fund Financial Statements

Except as noted below, the City's accounting policies and audited financial statements conform to generally accepted accounting principles and standards for public financial reporting established by the Governmental Accounting Standards Board ("GASB").

The City's basis of accounting for its governmental type funds and agency funds is the modified accrual basis with revenues being recorded when available and measurable and expenditures being recorded when services or goods are received and with all unpaid liabilities being accrued at year end. The accrual basis of accounting is utilized in the Proprietary Funds and the Pension Trust Fund. All of the financial statements contained in this Limited Offering Memorandum, other than the General Fund Cash Flow Schedules, have been prepared as described above.

Funds accounted for by the City are categorized as follows:

Governmental Funds	Proprietary Funds	Fiduciary Funds
General Fund	Enterprise Funds	Agency Funds
Capital Projects Funds	Internal Service Funds	Successor Agency Trust Funds
Special Revenue Funds		
Debt Service Funds		
Nonmajor Governmental Funds		

City Investment Policy

The City's current investment policy (the "Investment Policy") was filed by the City Treasurer pursuant to Section 53646(a) of the California Government Code. The Investment Policy provides guidelines for City officers charged with the investment of idle cash to ensure prudent investment and cash management practices. The Investment Policy establishes three criteria for selecting investment vehicles: safety, liquidity and yield. The Investment Policy states that its primary objectives are to protect the principal and asset holdings of the City's portfolio, to ensure adequate liquidity is provided for the prompt, efficient handling of the City's disbursement, and to generate the maximum amount of investment income within the parameters of the Investment Policy and the guidelines for suitable investments. The ultimate goal is to enhance the economic status of the City while protecting its funds.

The City Treasurer is required to provide a monthly report (the "Treasurer's Monthly Report") to the City Council showing the type of investment, institution, date of maturity, par value of investment, cost basis of investment, current market value change of all securities, rate of interest, interest earned, gains and losses and such data as may be required by the City Council. The City Treasurer's Monthly Report is also required to comply with Governmental Accounting Standards Board Statement No. 31 and to detail all repurchase agreements and state its compliance with the Investment Policy as directed under the Government Code.

The Investment Policy allows the City to invest in various instruments that have maturities of five years or less at the time of purchase in the treasury of the City (the "City Treasury"). These investments generally include (i) United States Treasury Bills, Notes and Bonds, or those for which the full faith and credit of the United States are pledged for payment of principal and interest; (ii) obligations issued by the Government National Mortgage Association, the Federal Farm Credit Bank System, the Federal Home Bank Board, and the Federal National Mortgage Association and those insured by the Federal Housing Administration; (iii) bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as banker's acceptance; (iv) Commercial paper ranked "P 1" by Moody's Investor Services and "A 1+" by Standard and Poor's, and issued by a domestic corporation having assets in excess of \$500,000,000 and having an "AA" or better rating on its long term debentures as provided by Moody's or Standard and Poor's; (v) negotiable certificates of deposit issued by a nationally or State-Chartered Bank or a State or Federal Savings and Loan Association; (vi) repurchase agreements with banks and dealers with which the City has entered into a master repurchase contract that specifies terms and conditions of repurchase agreements; (vii) reverse repurchase agreements that specify terms and conditions may be transacted with broker dealers and financial institutions, but do not exceed 20% of the portfolio value on the date entered into and do not exceed 90 days; (viii) Local Agency Investment Fund; (ix) non-negotiable time deposits collateralized in accordance with the California Government Code; (x) medium term cooperative notes, with a maximum maturity of five years, may be purchased; (xi) mutual funds investments; and (xii) mutual funds (money market funds). The

Investment Policy prohibits investments not described in the Investment Policy, including, but not limited to common stocks from the use in the City's investment fund. From time to time bills are proposed in the State Legislature that would modify the currently authorized investments and place restrictions on the ability of local agencies to invest in various securities. Therefore, there can be no assurances that the current investments in the City Treasury will not vary from the investments described herein or as may be authorized in the future by the California Government Code.

The City may not invest in securities with maturities greater than five years from the date of investment and directs that market risk, defined as market value fluctuations due to overall, changes in the general level of interest rates, shall be mitigated by limiting the average maturity of the City's investment portfolio to two years. The City believes that the City Treasury is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the City's expenditures and other scheduled withdrawals.

The City Investment Policy allows for purchase of a variety of securities with limitations as to exposure, maturity and rating, varying with each security type. The composition of the City Treasury will change over time as old investments mature and as new investments are made. Since July 1, 1997, the City, in accordance with new GASB regulations, has not realized market value fluctuations for the investments in the City Treasury on its income statements but has disclosed gains.

As of April 30, 2016, City Treasury reflected an effective rate of return was .40%. The City's YTD return as of April 30, 2016 was 0.38%. The City determines the market value of the City Treasury on a monthly basis but does not mark-to-market. Current liquidity in the City Treasury, consisting of cash, investments in mutual funds and investments in cash equivalents, is approximately 100% as of April 30, 2016. The weighted average days-to-maturity for the month ended April 30 2016 was one day.

Derivatives such as inverse-floating rate securities are not held in the City Treasury. The City Treasury also does not own any reverse repurchase agreements, nor has the City engaged in securities lending. The City Treasury has not purchased and does not own any collateralized debt obligations, collateralized loan obligations, or any other securities backed by or derived from sub-prime or Alt-A mortgages.

The value of the various investments in the City Treasury will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the City Treasury will not vary from the values described herein.

The following Table 29 reflects various information with respect to the City Treasury as of the close of business on April 30, 2016 (the "April 2016 Treasury Report"). Apart from the investment report produced periodically, the City Treasurer also produces weekly cash balance report utilized to monitor the City's actual cash balance in the bank. The City has payments of principal of and interest due on the City's Sewer Refunding Bonds, Series 1998 and Sewer Revenue Bonds, Series 2009 and the Compton Public Finance Authority Lease Revenue Bonds (Refunding and Various Capital Projects) which will be paid from the available cash in the bank and the City's investments. As described above, a wide range of investments are authorized under State law.

TABLE 29
CITY OF COMPTON
City Treasury
As of April 30, 2016

	Net Market Value	Percentage of Total Net Market Value
INVESTMENTS		
Passbook/Checking Accounts	\$ 603,877	3.64%
Local Agency Investment Fund	15,858,586	95.61
Managed Pool & Money Market Account	<u>124,486</u>	<u>0.75</u>
TOTAL INVESTMENTS	\$16,586,950	100.00

Source: City of Compton City Treasurer.

The following information concerning the State's budgets has been obtained from publicly available information which the City believes to be reliable; however, the City takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State Budget is regularly available at various State-maintained websites. Text of the State budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading "California Budget". An impartial analysis of the State's budget is posted by the Legislative Analyst's Office (the "LAO") at www.lao.ca.gov. In addition, certain State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov and the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System, emma.msrb.org. The information referred to on the website of the State Treasurer is prepared by the State and not by the City, and the City takes no responsibility for the continued accuracy of the internet address of the State Treasurer or for the accuracy, if any, or timeliness of information posted there, and such information is not incorporated herein by these references.

The State Budget Process; Fiscal Year 2016-17 State Budget and May Revision

According to the State Constitution, the Governor of the State (the "Governor") is required to propose a budget to the State Legislature (the "Legislature") no later than January 10 of each year, and a final budget must be adopted by the vote of each house of the Legislature no later than June 15, although this deadline has been routinely breached in the past. The State budget becomes law upon the signature of the Governor, who may veto specific items of expenditure.

Prior to Fiscal Year 2010-11, the State budget had to be adopted by a two-thirds vote of each house of the Legislature. However, in November 2010, the voters of the State passed Proposition 25, which reduced the vote required to adopt a budget to a majority vote of each house and which provided that there would be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for members of the Legislature for the period during which the budget was presented late to the Governor.

The Governor's January budget proposed the first state cost-of-living increase for Supplemental Security Income/State Supplementary Payment recipients since 2005. Elements of the May budget revision reflect \$3.2 billion in state and federal funding and award authority for various affordable housing and homelessness programs and endorses the Senate's concept of a \$2 billion bond from a portion of future Proposition 63 mental health revenues. The May revision proposes first year funding of \$267 Million from the bond proceeds. The May revision continues to prioritize funding for education, infrastructure and sustainability. In April the Governor signed legislation that will raise the minimum wage for all workers to \$15 per hour as soon as 2023. (Source: "May Revision 2016-17 Governor's Budget" See, www.ebudget.ca.gov/FullBudgetSummary.pdf).

Future State Budgets

No prediction can be made by the City as to whether the State will encounter budgetary problems in this or in any future fiscal years, and, if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of current or future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken by the Legislature and Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors, including economic downturns, over which the City has no control.

Potential Impact of the State of California's Financial Condition on the City

There can be no assurance that, as a result of the current State financial condition, the State will not significantly reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of its efforts to address State financial difficulties. No prediction can be made by the City as to what measures the State will adopt to respond to the current or potential future financial difficulties. The City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on the City's finances and operations or what actions will be taken in the future by the Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including economic downturns, over which the City has no control.

There can be no assurance that State actions to respond to State financial difficulties will not adversely affect the financial condition of the City.

DEMOGRAPHIC INFORMATION

Population

The following Table 30 sets forth estimates of the population of the City, the County and the State of California as of January 1 for the years 2005 through 2016 for the State and the County and as of January 1, 2015 for the City.

TABLE 30
CITY, COUNTY AND STATE POPULATION ESTIMATES
2005 through 2016

Year (as of January 1)	City of Compton	County of Los Angeles	State of California
2005	96,033	9,816,153	35,869,173
2006	95,659	9,798,609	36,116,202
2007	99,451	9,780,808	36,399,676
2008	99,242	9,785,474	36,704,375
2009	99,431	9,801,096	36,966,713
2010	99,064	9,822,121	37,223,900
2011	96,925	9,847,712	37,427,946
2012	97,058	9,963,811	37,984,138
2013	97,606	10,017,068	38,332,521
2014	98,082	10,041,797	38,340,074
2015	98,506	10,136,559	38,714,725
2016		10,241,335	39,255,883

Sources: City of Compton for Population Estimates for the City; State of California Department of Finance Demographic Research Unit for Population Estimates of the County and the State.

Labor Force

The following Table 31 sets forth the labor force, employment and unemployment figures from calendar year 2011 through 2016 for the City, the County and the State of California.

TABLE 31
CITY OF COMPTON, COUNTY OF LOS ANGELES AND STATE OF CALIFORNIA
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Calendar Years 2011 through 2016⁽¹⁾

	Labor Force	Employment	Unemployment	Unemployment Rate ⁽²⁾
2011				
City of Compton	37,500	29,700	7,700	20.6
County of Los Angeles	4,924,400	4,318,900	605,500	12.3
State of California	18,384,900	16,226,600	2,158,300	11.7
2012				
City of Compton	36,700	29,900	6,800	18.6
County of Los Angeles	4,879,700	4,345,700	534,000	11.0
State of California	18,496,000	16,561,500	1,934,500	10.45
2013				
City of Compton	36,800	30,600	6,200	17.0
County of Los Angeles	4,954,800	4,454,800	500,000	10.1
State of California	18,661,000	17,155,600	1,505,400	8.1
2014				
City of Compton	40,900	35,700	5,200	12.7
County of Los Angeles	5,025,900	4,610,800	415,100	8.3
State of California	18,811,400	17,397,100	1,414,300	7.5
2015				
City of Compton	40,100	36,000	4,200	10.4
County of Los Angeles	5,011,700	4,674,800	336,900	6.7
State of California	19,036,600	17,871,700	1,164,900	6.1
2016				
City of Compton	39,400	36,800	2,700	6.7
County of Los Angeles	4,990,800	4,777,200	213,600	4.3
State of California	18,983,900	18,085,000	898,900	4.7

⁽¹⁾ All information updated per March 2015 Benchmark.

⁽²⁾ The State Employment Development Department has reported a preliminary non-seasonally adjusted unemployment rate within the City of 6.7% for May 2016.

Source: State of California Employment Development Department.

The following Table 32 sets forth the annual averages for non-agricultural labor force and industry employment within the County from 2011 through 2015.

TABLE 32
COUNTY OF LOS ANGELES
NON-AGRICULTURAL LABOR FORCE AND INDUSTRY EMPLOYMENT
ANNUAL AVERAGES
2011 to 2015
(in thousands)

Employment Sector	2011	2012	2013	2014	2015
Mining and Logging	4.0	4.2	4.6	4.7	3.9
Construction	103.5	108.8	116.5	120.2	126.1
Manufacturing	365.4	365.7	366.5	364.9	360.8
Trade, Transportation and Utilities	748.0	762.0	780.7	800.7	817.8
Information	195.6	190.3	197.3	195.9	202.7
Financial Activities	209.4	210.2	211.8	209.7	214.2
Professional and Business Services	540.4	567.2	590.3	609.4	600.3
Educational and Health Services	534.8	544.3	713.4	748.0	742.2
Leisure and Hospitality	392.8	414.1	436.7	464.6	488.1
Other Services	135.0	140.7	145.5	151.7	151.7
Government	<u>565.2</u>	<u>556.8</u>	<u>549.2</u>	<u>556.7</u>	<u>566.4</u>
Total	3,794.1	3,864.1	4,112.5	4,226.5	4,274.2

Source: California Employment Development Department, May 2015 Benchmark. Totals may not equal sum of component parts due to rounding.

The following Table 33 sets forth the largest employers and the estimated number of employees for such employers in the City during the period 2013-14.

TABLE 33
CITY OF COMPTON TOP TEN EMPLOYERS
2013-14

Company's Name	Number of Employees	Percent of Total Employment (%)
Compton Unified School District	3,099	8.38%
Ralph's Grocery Company	1,786	4.83%
Compton Community College District	475	1.28%
Los Angeles County	420	1.14%
4 Wheel Parts Wholesalers Inc.	375	1.01%
Precomp/Smittybilt Inc.	360	0.97%
City of Compton	318	0.86%
Foster Farms	262	0.71%
Gourmet Foods Inc. **	255	0.69%
Nabors Well Services Co	<u>200</u>	0.54%
Total Top Employers	7,550	20.41%
Total Labor Force ¹	37,000	100.00%

¹ Total City Labor Force provided by EDD Labor Force Data.

* Includes all Los Angeles County employees at Compton Courthouse. Prior year was countywide.

** Count includes temps.

Source: 2013-14 SBOE data, MuniServices, LLC – results based on direct correspondence with city's local businesses.

Household Income

The following Table 34 sets forth the median household income for the City, the County, the State, and the United States for calendar years 2010 through 2014.

TABLE 34
MEDIAN HOUSEHOLD INCOME⁽¹⁾
Calendar Years 2010 through 2014

Year	City of Compton	County of Los Angeles	State of California	United States of America
2010	\$43,201	\$55,476	\$60,883	\$51,914
2011	43,311	56,266	61,632	52,762
2012	42,335	56,241	61,400	51,371
2013	42,953	55,909	61,094	53,046
2014	43,230	55,870	61,489	53,482

Source: U.S. Census Bureau - Economic Characteristics - American Community Survey, 5-year estimates.

⁽¹⁾ Estimated. In inflation-adjusted dollars.

Per Capita Personal Income

The following Table 35 sets forth the per capita income within the County, the State and the United States from 2011 through 2015.

TABLE 35
STATE OF CALIFORNIA AND UNITED STATES OF AMERICA
PER CAPITA PERSONAL INCOME⁽¹⁾

	Calendar Years 2011 to 2015				
	2011	2012	2013	2014	2015
County of Los Angeles	\$44,627	\$47,713	\$47,580	\$49,400	n/a
State of California	\$44,852	\$47,614	\$48,125	\$49,985	\$52,651
United States of America	\$42,453	\$44,266	\$44,438	\$46,049	\$47,669

Source: U.S. Bureau of Economic Analysis.

⁽¹⁾ Estimated. Not adjusted for inflation.

Construction Activity

The following Table 36 sets forth the number of new privately-owned single family and multi-family residential building permits issued within the City from calendar years 2011 through 2015.

TABLE 36
CITY OF COMPTON
BUILDING PERMITS
Calendar Years 2011 to 2015

	2011	2012	2013	2014	2015
New Dwelling Units:	6	11	14	6	4
Single Family	222	253	276	190	204
Multiple Family	<u>932</u>	<u>719</u>	<u>697</u>	<u>445</u>	<u>409</u>
Total	1,160	983	987	641	617

Source: U.S. Bureau of the Census.

The following Table 37 sets forth the permit valuation of residential and non-residential construction within the City from calendar years 2007 through 2015.

TABLE 37
CITY OF COMPTON
BUILDING PERMIT VALUATION BY TYPE OF CONSTRUCTION
Calendar Years 2011 to 2015
(\$ in thousands)

Type	2011	2012	2013	2014	2015
Residential ⁽¹⁾	\$312,491.60	\$299,592.00	\$442,666.30	\$277,825.50	\$379,219.50
Non-Residential ⁽²⁾	<u>393,111.30</u>	<u>336,447.60</u>	<u>518,438.40</u>	<u>373,322.00</u>	<u>543,831.70</u>
Total Valuation	\$705,602.90	\$636,039.60	\$961,104.70	\$651,147.50	\$923,051.20

Source: California Home Building Foundation

⁽¹⁾ Includes residential alterations.

⁽²⁾ Includes non-residential-garages.

Regional Economy

The following Table 38 sets forth the County's gross domestic product, which is an estimate of the value for all goods and services produced in the County, from Fiscal Years 2010 through 2014.

TABLE 38
COUNTY OF LOS ANGELES
GROSS DOMESTIC PRODUCT
Fiscal Years ended June 30, 2010 through June 30, 2014
(in billions of current \$)

Fiscal Year	Gross Domestic Product
2009-10	764.9
2010-11	779.2
2011-12	806.4
2012-13	833.8
2013-14	866.7

Sources: Bureau of Economic Analysis, U.S. Department of Commerce; reflects data as of September 2015.

Commercial Activity

The following Table 39 sets forth information regarding taxable sales in the City for calendar years 2006-2008. In early 2007, the California State Board of Equalization began a process of converting business codes of sales and use tax permit holders to North American Industry Classification System ("NAICS") codes. The California State Board of Equalization completed the process of converting business codes of sales and use tax permit holders to NAICS codes for 2009 data. As a result of the coding change process, industry data for 2007 and 2008 is not comparable with data from prior years. The following Table 41 reflects implementation of the NAICS codes and new industry categories.

The following Table 39 sets forth taxable sales in the City for the calendar years 2009 through 2013. The California State Board of Equalization, Taxable Sales in California 2014, first quarter report does not report sales for the City.

TABLE 39
CITY OF COMPTON
TAXABLE SALES
Calendar Years 2009 to 2013
(\$ in thousands)

Type of Business	2009 Annual	2010 Annual	2011 Annual	2012 Annual	2013 Annual
Retail and Food Services					
Motor Vehicles and Parts Dealers	\$24,163	\$22,057	\$24,421	\$20,260	\$27,104
Home Furnishings and Appliance Stores	39,050	36,384	38,703	56,658	43,310
Building Material, Garden Equipment and Supplies					
Food and Beverage Stores	50,393	56,964	74,016	60,404	77,368
Gasoline Stations	59,829	66,560	86,560	98,910	95,125
Clothing and Clothing Accessories Stores	32,392	36,473	40,186	43,843	46,596
General Merchandise Stores	36,147		39,162	41,077	42,474
Food Services and Drinking Places	56,330	56,815	60,178	65,002	72,331
Other Retail Group	67,959	105,164	68,591	70,567	72,912
All Other Outlets	<u>164,317</u>	<u>159,448</u>	<u>163,755</u>	<u>175,894</u>	<u>200,568</u>
TOTAL ALL OUTLETS:	\$530,579	\$539,865	\$595,571	\$638,615	\$677,787

Source: California State Board of Equalization, Taxable Sales in California

Community Facilities

The City contains several hospitals, theaters and other recreational venues, including the Compton Par 3 Golf Course and the Compton/Woodley Airport, which offers flight training programs and Tomorrow's Aeronautical Museum.

Transportation

The City is known as the "Hub City" because of its unique position in almost the exact geographical center of the County. Interstate Highways 105, 110, 710, and 405, along with State Highway 91 outline the general boundaries of the City and provide superior access to destinations throughout the region. The Port of Long Beach and the Port of Los Angeles are less than 20 minutes from downtown Compton and provide access to international destinations for customers, suppliers and leisure travelers. The Alameda Corridor, a passageway for approximately 25 percent of all United States waterborne international trade, runs directly through the City from north to south.

Compton/Woodley Airport is a small general aviation airport located in the City and is situated within a few miles of both Los Angeles International Airport and Long Beach Airport. The Los Angeles Metropolitan Transportation Authority provides Metro Blue Line light rail service running north-south through the City and connects the City to the downtown areas of the City of Los Angeles and the City of Long Beach.

Education

The Compton Unified School District (the "District") operated twenty-two elementary schools, eight middle schools and three senior high schools as of October 2012. The District also maintains one adult school, three alternative schools and a middle college. The District has a population of approximately 160,000 residents and encompasses approximately 10.5 square miles. The District's enrollment has decreased from 30,775 in the 1999-00 school year to 25,000 in the 2014-15 school year.

El Camino College Compton Center (formerly known as Compton Community College, the "College"), which is located in the City, has a full schedule of academic and vocational classes and offers Associate of Arts degrees and course credits that are transferable to four year colleges universities. The College became a part of El Camino College on August 23, 2006, after the Accrediting Commission for Community and Junior Colleges terminated the College's accreditation. Enrollment in the 2005-06 school year was approximately 6,626 students. The El Camino College Compton Center Annual Fact Book 2014-15 lists the total daytime and evening student enrollment at 7,701.

#18.

31737649v1

RESOLUTION SIGN-OFF FORM

DEPARTMENT: City Clerk

RESOLUTION TITLE: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON REFUNDING OF A PORTION OF BOND INDEBTEDNESS HERETOFOR ISSUED BY THE COMPTON PUBLIC FINANCE AUTHORITY AND NOW OUTSTANDING; TO PROVIDE FOR THE ISSUANCE OF REFUNDING BONDS BY THE COMPTON PUBLIC FINANCE AUTHORITY TO FINANCE, IN WHOLE OR PART, THE COST OF THE UNDERTAKINK NOW CONTEMPLATED; TO AUTHORIZE THE FORMS OF AND DIRECTING THE EXECUTION AND DELIVERY OF THE SITE LEASE, THE FACILITY LEASE, TO AUTHORIZE THE USE OF AN ESCROW DEPOSIT AGREEMENT; TO AUTHORIZE THE PREPARATION, USE AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE SALE OF THE SERIES 2016 BONDS; AND FOR OTHER PURPOSES

<ManagersName>
DEPARTMENT MANAGER’S SIGNATURE

<ManagersDate>
DATE

REVIEW / APPROVAL

<LegalName>
CITY ATTORNEY

<LegalDate>
DATE

<ControllerName>
CITY CONTROLLER

<ControllerDate>
DATE

<CityManager>
CITY MANAGER

<CityManagerDate>
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney’s review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.

