



AGENDA
CITY COUNCIL OF THE CITY OF MORENO VALLEY
MORENO VALLEY COMMUNITY SERVICES DISTRICT
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF
MORENO VALLEY
BOARD OF LIBRARY TRUSTEES

December 14, 2010

SPECIAL PRESENTATIONS – 6:00 P.M.
REGULAR MEETING – 6:30 P.M.

City Council Closed Session

First Tuesday of each month – 6:00 p.m.

City Council Study Sessions

Third Tuesday of each month – 6:00 p.m.

City Council Meetings

Second and Fourth Tuesdays – 6:30 p.m.

City Hall Council Chamber - 14177 Frederick Street

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, in compliance with the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Mel Alonzo, ADA Coordinator, at 951.413.3027 at least 48 hours before the meeting. The 48-hour notification will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Robin N. Hastings, Mayor Pro Tem
Jesse L. Molina, Council Member

Bonnie Flickinger, Mayor

Richard A. Stewart, Council Member
William H. Batey II, Council Member

AGENDA
CITY COUNCIL OF THE CITY OF MORENO VALLEY
December 14, 2010

CALL TO ORDER

SPECIAL PRESENTATIONS

1. A Child's Place and Time for Tots Holiday Singers
2. Officer of the Quarter Presentation - Officer Christopher Bayani
3. Recognition of Council Member Richard A. Stewart for 20 Years of Service
4. "Spotlight on Moreno Valley Business"

**AGENDA
JOINT MEETING OF THE
CITY COUNCIL OF THE CITY OF MORENO VALLEY
MORENO VALLEY COMMUNITY SERVICES DISTRICT
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO
VALLEY AND THE BOARD OF LIBRARY TRUSTEES**

**REGULAR MEETING - 6:30 PM
DECEMBER 14, 2010**

CALL TO ORDER

(Joint Meeting of the City Council, Community Services District, Community Redevelopment Agency, and the Board of Library Trustees - actions taken at the Joint Meeting are those of the Agency indicated on each Agenda item)

PLEDGE OF ALLEGIANCE

INVOCATION

ROLL CALL

INTRODUCTIONS

PUBLIC COMMENTS ON MATTERS ON THE AGENDA WILL BE TAKEN UP AS THE ITEM IS CALLED FOR BUSINESS, BETWEEN STAFF'S REPORT AND CITY COUNCIL DELIBERATION (SPEAKER SLIPS MAY BE TURNED IN UNTIL THE ITEM IS CALLED FOR BUSINESS.)

PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA UNDER THE JURISDICTION OF THE CITY COUNCIL WILL BE HEARD PRIOR TO CITY COUNCIL REPORTS AND CLOSING COMMENTS. IN THE EVENT THAT THE AGENDA ITEM FOR SUCH PUBLIC COMMENTS HAS NOT BEEN CALLED BY 9:00 P.M., IT SHALL BE CALLED AS THE NEXT ITEM OF BUSINESS FOLLOWING THE CONCLUSION OF ANY ITEM BEING HEARD AT 9:00 P.M. Those wishing to speak should submit a BLUE speaker slip to the Bailiff. There is a three-minute time limit per person. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council member, staff member or other person.

SPECIAL ORDER OF BUSINESS

- 1 RESOLUTION CERTIFYING GENERAL MUNICIPAL ELECTION RESULTS
(Report of: City Clerk's Department)

Recommendation: That the City Council:

Adopt Resolution No. 2010-105 reciting the facts of the General Municipal Election held November 2, 2010, declaring the results and such other matters as provided by law.

Resolution No. 2010-105

A Resolution of the City Council of the City of Moreno Valley, California,
Reciting the Facts of the General Municipal Election Held November 2, 2010
Declaring the Results and Such Other Matters as Provided by Law

- 2 SWEARING-IN OF COUNCIL MEMBERS ELECT (Report of: City Clerk's Department)
- 3 CITY COUNCIL REORGANIZATION - SELECTION OF MAYOR AND MAYOR PRO TEM (Report of: City Clerk's Department)

Recommendation: That the City Council:

Conduct the reorganization of the City Council by selecting two Council members to serve one-year terms respectively as Mayor and Mayor Pro Tem.

JOINT CONSENT CALENDARS (SECTIONS A-D)

All items listed under the Consent Calendars, Sections A, B, C, and D are considered to be routine and non-controversial, and may be enacted by one motion unless a member of the Council, Community Services District, Redevelopment Agency or the Board of Library Trustees requests that an item be removed for separate action. The motion to adopt the Consent Calendars is deemed to be a separate motion by each Agency and shall be so recorded by the City Clerk. Items withdrawn for report or discussion will be heard after public hearing items.

A. CONSENT CALENDAR-CITY COUNCIL

- A.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

- A.2 MINUTES - SPECIAL MEETING OF NOVEMBER 30, 2010 (Report of: City Clerk's Department)

Recommendation:

Approve as submitted.

- A.3 CITY COUNCIL REPORTS ON REIMBURSABLE ACTIVITIES (Report of: City Clerk)

Recommendation:

Receive and file the Reports on Reimbursable Activities for the period of November 24 – December 7, 2010.

A.4 ACCEPTANCE OF FY10 EMERGENCY OPERATIONS CENTER GRANT FUNDS (Report of: Fire Department)

Recommendation:

1. Authorize the acceptance of the FY10 Emergency Operations Center Grant in the amount of \$400,000; establish fund 240.24010 for expenditures related to the grant; establish revenue account 00240.2400.4610.1 for grant reimbursement of operating expenditures; and establish revenue account 00240.2400.4610.2 for reimbursement of capital expenditures; and
2. Approve the expenditure of the FY10 Emergency Operations Center Grant for the Generator Project, EOC Workstation/Peripheral Project, GIS Equipment Project, Traffic Management Display Wall Project, and WebEOC/Security Display Project.

A.5 NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM URBAN RUNOFF DISCHARGE PERMIT IMPLEMENTATION AGREEMENT FOR SANTA ANA REGION (Report of: Public Works Department)

Recommendation:

1. Approve the National Pollutant Discharge Elimination System (NPDES) Urban Runoff Discharge Permit Implementation Agreement for the Santa Ana Region;
2. Authorize the Mayor to execute said agreement;
3. Direct the City Clerk to attest to said approval; and
4. Direct the City Clerk to transmit said agreement to the Riverside County Flood Control and Water Conservation District.

A.6 SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND (SLESF) EXPENDITURE PLAN FOR FY 2010-11 (Report of: Financial & Administrative Services Department)

Recommendation:

1. Approve the Supplemental Law Enforcement Services Fund (SLESF) Expenditure Plan for FY 2010-11;
2. Approve an increase of \$158,369 to the SLESF Grant Fund FY 2010-11 revenue budget (account 130.1300.4611) to reflect the FY 2010-

11 allocation of \$258,369; and

3. Approve an increase of \$158,369 to the SLESF Grant Fund FY 2010-11 expenditure budget (account 130.62890.6251.252) to reflect the FY 2010-11 planned expenditure of \$258,369.

- A.7 ORDINANCE NO. 817, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, AMENDING TITLE 9 OF THE CITY OF MORENO VALLEY MUNICIPAL CODE REGARDING SECTIONS 9.09.130 SECOND UNIT, 9.09.120 GRANNY UNIT, 9.16.010 DESIGN GUIDELINES, 9.16.130 SINGLE FAMILY DESIGN GUIDELINES AND 9.17, LANDSCAPE REQUIREMENTS AND LANDSCAPE STANDARDS (RECEIVED FIRST READING AND INTRODUCTION NOVEMBER 9, 2010 ON A 5-0 VOTE) (Report of: Community Development Department)

Recommendation:

Adopt Ordinance No. 817 approving PA09-0024, amending Sections 9.09.130 Second Unit, 9.09.120 Granny Unit, 9.16.010 Design Guidelines, 9.16.130 Single Family Design Guidelines and 9.17 Landscape Requirements of Title 9 of the City of Moreno Valley Municipal Code.

Ordinance No. 817

An Ordinance of the City Council of the City of Moreno Valley, California, amending Title 9 of the City of Moreno Valley Municipal Code regarding Sections 9.09.130 Second Unit, 9.09.120 Granny Unit, 9.16.010 Design Guidelines, 9.16.130 Single Family Design Guidelines and 9.17, Landscape Requirements and Landscape Standards

- A.8 ORDINANCE NO. 819, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, APPROVING APPLICATION PA10-0031 AMENDING THE MUNICIPAL CODE TO MAKE CHANGES TO PERMITTED USES TABLE 9.02.020-1 BY ADDING THE PHARMACY LAND USE TO THE BUSINESS PARK-MIXED USE (BPX) ZONE (RECEIVED FIRST READING AND INTRODUCTION NOVEMBER 30, 2010 ON A 5-0 VOTE) (Report of: Community Development Department)

Recommendation:

Adopt Ordinance No. 819 thereby APPROVING Municipal Code Amendment PA10-0031, based on the findings in the City Council Ordinance.

Ordinance No. 819

An Ordinance of the City Council of the City of Moreno Valley, California, approving application PA10-0031 amending the Municipal Code to make

changes to Permitted Uses Table 9.02.020-1 by adding the Pharmacy Land Use to the Business Park-Mixed Use (BPX) Zone

- A.9 ORDINANCE NO. 820, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, ADDING CHAPTER 12.50 TO THE CITY OF MORENO VALLEY MUNICIPAL CODE, RELATING TO LIMITATIONS ON ENGINE IDLING (RECEIVED FIRST READING AND INTRODUCTION NOVEMBER 30, 2010 ON A 5-0 VOTE) (Report of: City Attorney)

Recommendation:

Adopt Ordinance No. 820, adding Chapter 12.50 of the Moreno Valley Municipal Code, relating to limitations on engine idling.

Ordinance No. 820

An Ordinance of the City Council of the City of Moreno Valley, California, adding Chapter 12.50 to the City of Moreno Valley Municipal Code, Relating to Limitations on engine idling.

B. CONSENT CALENDAR-COMMUNITY SERVICES DISTRICT

- B.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

- B.2 MINUTES - SPECIAL MEETING OF NOVEMBER 30, 2010 (Report of: City Clerk's Department)

Recommendation:

Approve as submitted.

C. CONSENT CALENDAR - COMMUNITY REDEVELOPMENT AGENCY

- C.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

- C.2 MINUTES - SPECIAL MEETING OF NOVEMBER 30, 2010 (Report of: City Clerk's Department)

Recommendation:

Approve as submitted.

D. CONSENT CALENDAR - BOARD OF LIBRARY TRUSTEES

- D.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

D.2 MINUTES - SPECIAL MEETING OF NOVEMBER 30, 2010 (Report of: City Clerk's Department)

Recommendation:

Approve as submitted.

E. PUBLIC HEARINGS

Questions or comments from the public on a Public Hearing matter are limited to five minutes per individual and must pertain to the subject under consideration.

Those wishing to speak should complete and submit a GOLDENROD speaker slip to the Bailiff.

E.1 PUBLIC HEARING TO MODIFY THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES WITH RESPECT TO COMMUNITY FACILITIES DISTRICT NO. 4–INFRASTRUCTURE (Report of: Public Works Department)

Recommendation: That the City Council:

1. Acting in their capacity as the Legislative Body for Community Facilities District No. 4-Infrastructure, after conducting the public hearing: Approve and adopt Resolution No. 2010-106; a Resolution making certain determinations and authorizing the submittal of the proposed modifications to the rate and method of apportionment of special taxes authorized to be levied within such community facilities district to the qualified electors thereof;

Resolution No. 2010-106

A Resolution of the City Council of the City of Moreno Valley, California, Acting in its Capacity as the Legislative Body of Community Facilities District No. 4 – Infrastructure of the City of Moreno Valley, Making Certain Determinations and Authorizing the Submittal of the Proposed Modifications to the Rate and Method of Apportionment of Special Taxes Authorized to be Levied Within Such Community Facilities District to the Qualified Electors Thereof

2. Direct staff to canvass the ballots received and report the results of the special election to the Legislative Body;
3. Approve and adopt Resolution No. 2010-107; a Resolution declaring the results of a special election in such community facilities district; and

Resolution No. 2010-107

A Resolution of the City Council of the City of Moreno Valley, California, Acting in its Capacity as the Legislative Body of Community Facilities District No. 4 – Infrastructure of the City of Moreno Valley, Declaring the Results of a Special Election in Such Community Facilities District

4. Introduce Ordinance No. 821; an Ordinance authorizing the levy of a special tax in such community facilities district pursuant to an amended and restated rate and method of apportionment of such special tax and repealing Ordinance Nos. 696 and 765. (ROLL CALL REQUIRED.)

Ordinance No. 821

An Ordinance of the City Council of the City of Moreno Valley, California, Acting as the Legislative Body of Community Facilities District No. 4 - Infrastructure of the City of Moreno Valley, Authorizing the Levy of a Special Tax in Such Community Facilities District Pursuant to an Amended and Restated Rate and Method of Apportionment of Such Special Tax and Repealing Ordinance Nos. 696 and 765

E.2 ADOPTION OF FY 2011-2012 CDBG AND HOME PROGRAM OBJECTIVES AND POLICIES (Report of: Economic Development Department)

Recommendation: That the City Council:

1. Conduct a Public Hearing to allow for the community to comment on the needs of low-to-moderate income residents in Moreno Valley, including the CDBG Target Areas; and
2. Approve the proposed CDBG and HOME Program Objectives and Policies for the 2011-2012 Program Year.

F. ITEMS REMOVED FROM CONSENT CALENDARS FOR DISCUSSION OR SEPARATE ACTION

G. REPORTS

- G.1 CITY COUNCIL REPORTS ON REGIONAL ACTIVITIES (Informational Oral Presentation - not for Council action)
 - a. Council Member Richard A. Stewart report on March Joint Powers Commission (MJPC)

- G.2 PUBLIC MEETING TO CONSIDER PUBLIC COMMENTS REGARDING A

MAIL BALLOT PROCEEDING (REBALLOT) FOR TRACT 21597 FOR A PROPOSED INCREASE IN THE CSD ZONE D (PARKWAY LANDSCAPE MAINTENANCE) ANNUAL CHARGE (Report of: Public Works Department)

Recommendation: That the CSD:

Acting in their capacity as President and Members of the Board of Directors of the Moreno Valley CSD ("CSD Board"), accept public comments regarding the mail ballot proceeding for a proposed increase in the CSD Zone D annual parcel charge to fund an increase in the level of maintenance services provided for Tract 21597.

G.3 FIRST QUARTER BUDGET REVIEW – Fiscal Year 2010-11 (Report of: Financial & Administrative Services Department)

Recommendation: That the City Council:

1. Receive and file this report; and
2. Approve the proposed budget development guidelines and review schedule for Fiscal Year 2011-12.

G.4 REQUEST OF DEVELOPER TO REDUCE CERTAIN SECURITIES FOR CERTAIN PUBLIC IMPROVEMENTS FOR THE HIGHLAND FAIRVIEW CORPORATE PARK PROJECT THAT EXCEEDS THE AUTHORITY OF THE PUBLIC WORKS DIRECTOR AND LDD POLICY 2010-01 (Report of: Public Works Department)

Recommendation: That the City Council:

1. Review, consider and take action on developer's request to reduce performance securities for certain public improvements; and
2. Give staff further direction.

G.5 CITY MANAGER'S REPORT (Informational Oral Presentation - not for Council action)

H. LEGISLATIVE ACTIONS

H.1 ORDINANCES - 1ST READING AND INTRODUCTION - NONE

H.2 ORDINANCES - 2ND READING AND ADOPTION

H.2 .1 ORDINANCE NO. 818, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, AMENDING SECTION 12.20.020 OF CHAPTER 12.20 OF THE CITY OF MORENO VALLEY MUNICIPAL CODE RELATING TO A PRIMA FACIE SPEED

LIMIT FOR CERTAIN STREETS (RECEIVED FIRST READING AND INTRODUCTION NOVEMBER 9, 2010 ON A 4-0-1 VOTE, MOLINA OPPOSED) (Report of: Public Works Department)

Recommendation: That the City Council:

Adopt Ordinance No. 818, amending Section 12.20.020 of Chapter 12.20 of the City of Moreno Valley Municipal Code declaring prima facie speed limits on certain streets (as listed on the ordinance). (Roll call required)

Ordinance No. 818

An Ordinance of the City Council of the City of Moreno Valley, California, Amending Section 12.20.020 of Chapter 12.20 of the City of Moreno Valley Municipal Code Relating to a Prima Facie Speed Limit for Certain Streets

H.3 ORDINANCES - URGENCY ORDINANCES - NONE

H.4 RESOLUTIONS - NONE

PUBLIC COMMENTS ON ANY SUBJECT NOT ON THE AGENDA UNDER THE JURISDICTION OF THE CITY COUNCIL

Those wishing to speak should complete and submit a BLUE speaker slip to the Bailiff. There is a three-minute time limit per person. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council member, staff member or other person.

CLOSING COMMENTS AND/OR REPORTS OF THE CITY COUNCIL, COMMUNITY SERVICES DISTRICT, OR COMMUNITY REDEVELOPMENT AGENCY

Materials related to an item on this Agenda submitted to the City Council/Community Services District/Community Redevelopment Agency or the Board of Library Trustees after distribution of the agenda packet are available for public inspection in the City Clerk's office at 14177 Frederick Street during normal business hours.

CLOSED SESSION

A Closed Session of the City Council, Community Services District and Community Redevelopment Agency of the City of Moreno Valley will be held in the City Manager's Conference Room, Second Floor, City Hall. The City Council will meet in Closed Session to confer with its legal counsel regarding the following matter(s) and any additional matter(s) publicly and orally announced by the City Attorney in the Council Chamber at the time of convening the Closed Session.

• PUBLIC COMMENTS ON MATTERS ON THE CLOSED SESSION AGENDA UNDER THE JURISDICTION OF THE CITY COUNCIL

There is a three-minute time limit per person. Please complete and submit a BLUE speaker slip to the City Clerk. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council member, staff member or other person.

The Closed Session will be held pursuant to Government Code:

1 SECTION 54956.9(b)(1) - CONFERENCE WITH LEGAL COUNSEL - SIGNIFICANT EXPOSURE TO LITIGATION

Number of Cases: 2

2 SECTION 54956.9(c) - CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION

Number of Cases: 2

3 SECTION 54957 - PERSONNEL MATTERS

a) Public Employee Performance Evaluation: Interim City Manager

4 SECTION 54957 - PUBLIC EMPLOYEE APPOINTMENT/PUBLIC EMPLOYMENT

a) City Manager Recruitment

REPORT OF ACTION FROM CLOSED SESSION, IF ANY, BY CITY ATTORNEY

ADJOURNMENT



APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>But</i>
CITY MANAGER	<i>WBS</i>

Report to City Council

TO: Mayor and City Council

FROM: Jane Halstead, City Clerk, CMC

AGENDA DATE: December 14, 2010

TITLE: RESOLUTION CERTIFYING GENERAL MUNICIPAL ELECTION RESULTS

RECOMMENDED ACTION

Staff recommends that the City Council adopt Resolution No. 2010-105 reciting the facts of the General Municipal Election held November 2, 2010, declaring the result and such other matters as provided by law.

BACKGROUND

On Tuesday, November 2, 2010, the City of Moreno Valley conducted a General Municipal Election for the purpose of electing Council Members in Districts 2 and 4 and for the purpose of submitting to the voters of said City two (2) advisory ballot measures (Measures N and O) relating to changing from an appointed to an elected Mayor and one (1) measure relating to the increase of the Transit Occupancy Tax (Measure P) from 8% to 11%.

The Riverside County Registrar of Voters has now completed the canvass of election returns as provided in §§307 and 15301 of the California Elections Code and the City's Resolution No. 2010-52 and has provided the required certificate of results, which is attached hereto as Exhibit A.

The names of persons voted for, and the number of votes given in the City for Member of the City Council for District 2 are as follows:

<u>NAME:</u>	<u>NUMBER OF VOTES:</u>	
Richard A. Stewart	2,846	43.88%
Jose Hector Ramirez	1,486	22.91%
Alvin C. Horn	1,236	19.06%
Marcia Amino	918	14.15%
Total:	6,486	100%

The names of persons voted for, and the number of votes given in the City at the election for Member of the City Council for District 4 are as follows:

<u>NAME</u>	<u>NUMBER OF VOTES</u>	
Marcelo Co	1,583	36.64%
Gwendolyn Cross	1,534	35.51%
Bonnie Flickinger	1,203	27.85%
Total:	4,320	100%

The number of votes cast for Measure N was 31,113, of which 25,122 (80.74%) were cast in favor of said measure and 5,991 (19.26%) were cast against said measure. The advisory measure received a majority “yes” vote. The results of the vote will not be legally binding.

The number of votes cast for Measure O was 30,523, of which 22,791 (74.67%) were cast in favor of said measure and 7,732 (25.33%) were cast against said measure. The advisory measure received a majority “yes” vote. The results of the vote will not be legally binding.

The number of votes cast for Measure P was 30,879, of which 9,864 (31.94%) were cast in favor of said measure and 21,015 (68.06%) were cast against said measure. The measure did not receive a majority of votes required. The measure failed.

FISCAL IMPACT

An early estimate from the Registrar’s office for the cost of the election is \$70,000.

SUMMARY

Pursuant to California Elections Code §10263, the City Council must declare the results of the general municipal election held November 2, 2010 and to install the newly elected officers no later than the next regularly scheduled city council meeting following presentation of the 28-day canvas of the returns, or at a special meeting called for this purpose. Adoption of the proposed resolution will comply with such statutory requirement.

NOTIFICATION

Publication of the agenda

EXHIBITS

- A. Certificate of Registrar of Voters to the Results of the Canvass of Election Returns, with Final Official Results
- B. Proposed resolution

Jane Halstead, City Clerk, CMC
Prepared By

Jane Halstead, City Clerk, CMC
Department Head Approval

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

\\zurich\Shared\InterDept\Council-Clerk\City Clerk Files\Elections\2010\Staff Report Reciting Election Results.doc

This page intentionally left blank.



REBECCA SPENCER
Acting Registrar of Voters

2724 Gateway Drive
Riverside, CA 92507-0918
(951) 486-7200 • FAX (951) 486-7272
www.voteinfo.net

**REGISTRAR OF VOTERS
COUNTY OF RIVERSIDE**

**CERTIFICATE OF REGISTRAR OF VOTERS
TO THE RESULTS OF THE CANVASS OF ELECTION RETURNS**

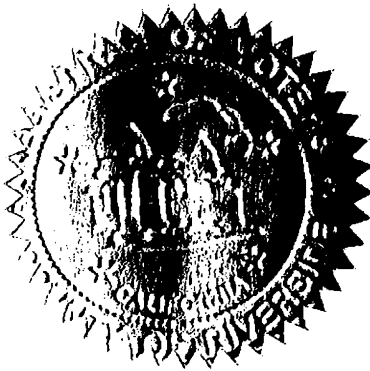
State of California)
) ss.
County of Riverside)

I, REBECCA SPENCER, Acting Registrar of Voters of said County, do hereby certify that, in pursuance of the provisions of Sections 15301, 15372, and 15374 of the California Elections Code, and the resolution adopted by the City Council, I did canvass the returns of the votes cast on November 2, 2010, as part of the Consolidated General Election in the

CITY OF MORENO VALLEY

and I further certify that the statement of votes cast, to which this certificate is attached, shows the whole number of votes for each candidate for elective office and for and against each measure at said election, in said City, and in each precinct therein, and that the totals as shown for said election are full, true, and correct.

Dated this 26th day of November 2010.



Rebecca Spencer

REBECCA SPENCER
Acting Registrar of Voters

Exhibit A

RIVERSIDE COUNTY Statement of Vote
CONSOLIDATED GENERAL ELECTION

100079		CITY OF MORENO VALLEY-MBR, CITY COUNCIL, DIST 2											
	Registration	Ballots Cast	Turnout (%)	JOSE HECTOR RAMIREZ	RICHARD A. STEWART	MARCIA AMINO	ALVIN C. HORN						
12200 MORENO VALLEY/2	0	0	0.00	0	0	0	0						
12200 - Vote by Mail Reporting	0	0	0.00	0	0	0	0						
52201 MORENO VALLEY/2	1122	352	31.37	96	115	39	51						
52201 - Vote by Mail Reporting	1122	284	25.31	42	132	39	38						
52202 MORENO VALLEY/2	864	247	28.59	50	92	42	36						
52202 - Vote by Mail Reporting	864	272	31.48	50	108	46	33						
52203 MORENO VALLEY/2	0	0	0.00	0	0	0	0						
52203 - Vote by Mail Reporting	0	0	0.00	0	0	0	0						
52204 MORENO VALLEY/2	1472	449	30.50	77	157	54	85						
52204 - Vote by Mail Reporting	1472	451	30.64	74	208	54	61						
52205 MORENO VALLEY/2	1335	393	29.44	76	137	45	70						
52205 - Vote by Mail Reporting	1335	342	25.62	44	163	38	61						
52207 MORENO VALLEY/2	1017	313	30.78	73	102	43	49						
52207 - Vote by Mail Reporting	1017	258	25.37	32	96	33	59						
52212 MORENO VALLEY/2	1402	428	30.53	82	153	49	68						
52212 - Vote by Mail Reporting	1402	353	25.18	58	153	43	69						
52213 MORENO VALLEY/2	1089	317	29.11	77	102	41	44						
52213 - Vote by Mail Reporting	1089	215	19.74	37	83	31	30						
52217 MORENO VALLEY/2	1519	371	24.42	87	114	38	63						
52217 - Vote by Mail Reporting	1519	384	25.94	104	143	36	55						
52218 MORENO VALLEY/2	883	203	22.99	63	40	23	37						
52218 - Vote by Mail Reporting	883	213	24.12	47	74	27	32						
52219 MORENO VALLEY/2	657	174	26.48	31	60	30	28						
52219 - Vote by Mail Reporting	657	230	35.01	21	111	24	52						
52220 MORENO VALLEY/2	1426	382	25.39	88	131	38	51						
52220 - Vote by Mail Reporting	1426	352	24.68	66	165	33	50						
52221 MORENO VALLEY/2	1285	345	26.85	66	98	51	57						
52221 - Vote by Mail Reporting	1285	265	20.62	45	109	21	57						
52224 MORENO VALLEY/2	0	0	0.00	0	0	0	0						
52224 - Vote by Mail Reporting	0	0	0.00	0	0	0	0						
52225 MORENO VALLEY/2	0	0	0.00	0	0	0	0						
52225 - Vote by Mail Reporting	0	0	0.00	0	0	0	0						
Precinct Totals	14071	3954	28.10	866	1301	493	639						
Vote by Mail Reporting Totals	14071	3629	25.79	620	1545	425	597						
Grand Totals	14071	7583	53.89	1486	2846	918	1236						
CALIFORNIA	14071	7583	53.89	1486	2846	918	1236						
41st Congressional District	0	0	0.00	0	0	0	0						
44th Congressional District	0	0	0.00	0	0	0	0						
45th Congressional District	14071	7583	53.89	1486	2846	918	1236						
31st Senatorial District	0	0	0.00	0	0	0	0						
37th Senatorial District	14071	7583	53.89	1486	2846	918	1236						
63rd Assembly District	1472	900	61.14	151	365	108	146						
64th Assembly District	12599	6683	53.04	1335	2481	810	1090						
1st SUPERVISORIAL DISTRICT	0	0	0.00	0	0	0	0						
5th SUPERVISORIAL DISTRICT	14071	7583	53.89	1486	2846	918	1236						
Riverside	14071	7583	53.89	1486	2846	918	1236						
City of Moreno Valley	14071	7583	53.89	1486	2846	918	1236						

RIVERSIDE COUNTY Statement of Vote
CONSOLIDATED GENERAL ELECTION

100080	CITY OF MORENO VALLEY-MBR, CITY COUNCIL, DIST 4													
	Registration	Ballots Cast	Turnout (%)		GWENDOLYN CROSS	MARCELO CO	BONNIE FLICKINGER							
52400 MORENO VALLEY/4	931	197	21.16		66	55	43							
52400 - Vote by Mail Reporting	931	204	21.91		61	71	50							
52401 MORENO VALLEY/4	787	249	31.64		70	89	61							
52401 - Vote by Mail Reporting	787	141	17.92		37	72	25							
52403 MORENO VALLEY/4	1211	273	22.54		84	65	73							
52403 - Vote by Mail Reporting	1211	264	21.80		86	104	63							
52405 MORENO VALLEY/4	1056	245	23.20		76	82	48							
52405 - Vote by Mail Reporting	1056	174	16.48		66	46	47							
52406 MORENO VALLEY/4	1488	356	23.92		107	98	103							
52406 - Vote by Mail Reporting	1488	348	23.39		91	106	117							
52407 MORENO VALLEY/4	1287	391	30.38		98	134	115							
52407 - Vote by Mail Reporting	1287	218	16.94		80	70	47							
52412 MORENO VALLEY/4	1194	319	26.72		111	99	80							
52412 - Vote by Mail Reporting	1194	250	20.94		98	76	57							
52413 MORENO VALLEY/4	631	169	26.78		65	40	38							
52413 - Vote by Mail Reporting	631	119	18.86		36	56	19							
52414 MORENO VALLEY/4	1093	303	27.72		88	113	71							
52414 - Vote by Mail Reporting	1093	226	20.68		88	67	60							
52415 MORENO VALLEY/4	824	243	29.49		73	88	58							
52415 - Vote by Mail Reporting	824	146	17.72		55	52	27							
Precinct Totals	10502	2745	26.14		836	863	691							
Vote by Mail Reporting Totals	10502	2090	19.90		698	720	512							
Grand Totals	10502	4835	46.04		1534	1583	1203							
CALIFORNIA	10502	4835	46.04		1534	1583	1203							
45th Congressional District	10502	4835	46.04		1534	1583	1203							
37th Senatorial District	10502	4835	46.04		1534	1583	1203							
65th Assembly District	10502	4835	46.04		1534	1583	1203							
5th SUPERVISORIAL DISTRICT	10502	4835	46.04		1534	1583	1203							
Riverside	10502	4835	46.04		1534	1583	1203							
City of Moreno Valley	10502	4835	46.04		1534	1583	1203							

RIVERSIDE COUNTY Statement of Vote
CONSOLIDATED GENERAL ELECTION

CITY OF MORENO VALLEY													
140134	Registration	Ballots Cast	Turnout (%)	MEASURE N YES	NO	MEASURE O YES	NO	MEASURE P YES	NO				
12200 MORENO VALLEY/2	0	0	0.00	0	0	0	0	0	0				
12200 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
12500 MORENO VALLEY/5	0	0	0.00	0	0	0	0	0	0				
12500 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52100 MORENO VALLEY/1	1520	348	22.89	271	53	237	82	74	243				
52100 - Vote by Mail Reporting	1520	354	23.29	268	62	232	94	87	238				
52101 MORENO VALLEY/1	1271	353	27.77	270	51	231	83	80	244				
52101 - Vote by Mail Reporting	1271	318	25.02	239	60	213	78	87	210				
52105 MORENO VALLEY/1	1156	298	25.78	214	56	198	66	82	186				
52105 - Vote by Mail Reporting	1156	304	26.30	221	69	200	84	94	193				
52107 MORENO VALLEY/1	1429	283	19.80	210	48	198	52	62	195				
52107 - Vote by Mail Reporting	1429	277	19.38	211	53	189	74	59	203				
52108 MORENO VALLEY/1	1122	187	16.67	138	36	132	37	38	134				
52108 - Vote by Mail Reporting	1122	195	17.38	137	29	134	30	43	125				
52109 MORENO VALLEY/1	922	204	22.13	149	45	151	42	50	142				
52109 - Vote by Mail Reporting	922	190	20.61	149	32	121	56	55	124				
52112 MORENO VALLEY/1	745	177	23.76	128	41	124	43	41	125				
52112 - Vote by Mail Reporting	745	140	18.79	111	21	109	23	45	82				
52115 MORENO VALLEY/1	727	163	22.42	119	31	111	36	42	106				
52115 - Vote by Mail Reporting	727	153	21.05	108	35	103	38	47	95				
52116 MORENO VALLEY/1	1437	419	29.16	297	82	290	84	103	275				
52116 - Vote by Mail Reporting	1437	317	22.06	262	37	244	55	103	197				
52201 MORENO VALLEY/2	1122	352	31.37	253	68	232	80	110	204				
52201 - Vote by Mail Reporting	1122	284	25.31	201	56	164	87	77	180				
52202 MORENO VALLEY/2	864	247	28.59	191	41	158	68	76	163				
52202 - Vote by Mail Reporting	864	272	31.48	201	55	186	65	80	177				
52203 MORENO VALLEY/2	0	0	0.00	0	0	0	0	0	0				
52203 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52204 MORENO VALLEY/2	1472	449	30.50	303	108	279	121	138	267				
52204 - Vote by Mail Reporting	1472	451	30.64	320	106	280	138	181	249				
52205 MORENO VALLEY/2	1335	393	29.44	281	80	255	99	121	230				
52205 - Vote by Mail Reporting	1335	342	25.62	246	78	211	105	104	213				
52207 MORENO VALLEY/2	1017	313	30.78	247	39	234	44	93	190				
52207 - Vote by Mail Reporting	1017	258	25.37	188	53	173	62	87	152				
52212 MORENO VALLEY/2	1402	428	30.53	296	87	282	91	124	257				
52212 - Vote by Mail Reporting	1402	353	25.18	254	84	223	117	127	211				
52213 MORENO VALLEY/2	1089	317	29.11	230	58	195	86	89	195				
52213 - Vote by Mail Reporting	1089	215	19.74	160	37	132	60	62	135				
52217 MORENO VALLEY/2	1519	371	24.42	279	51	247	75	112	218				
52217 - Vote by Mail Reporting	1519	394	25.94	287	75	240	113	132	228				
52218 MORENO VALLEY/2	883	203	22.99	146	38	134	44	61	120				
52218 - Vote by Mail Reporting	883	213	24.12	157	44	160	41	67	133				
52219 MORENO VALLEY/2	657	174	26.48	117	42	102	56	47	110				
52219 - Vote by Mail Reporting	657	230	35.01	175	42	156	60	72	143				
52220 MORENO VALLEY/2	1426	362	25.39	256	79	239	86	100	231				
52220 - Vote by Mail Reporting	1426	352	24.68	260	67	224	96	120	213				
52221 MORENO VALLEY/2	1285	345	26.85	263	46	236	62	94	206				
52221 - Vote by Mail Reporting	1285	265	20.62	193	57	178	67	86	165				
52224 MORENO VALLEY/2	0	0	0.00	0	0	0	0	0	0				
52224 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52225 MORENO VALLEY/2	0	0	0.00	0	0	0	0	0	0				
52225 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52300 MORENO VALLEY/3	375	260	69.33	166	75	139	102	96	146				
52300 - Vote by Mail Reporting	375	0	0.00	0	0	0	0	0	0				
52301 MORENO VALLEY/3	691	230	33.29	177	28	149	49	79	124				
52301 - Vote by Mail Reporting	691	190	27.50	134	48	117	64	61	117				
52304 MORENO VALLEY/3	1454	473	32.53	328	110	307	124	124	308				
52304 - Vote by Mail Reporting	1454	449	30.88	309	117	246	170	147	277				
52306 MORENO VALLEY/3	1408	412	29.26	307	69	290	78	119	259				
52306 - Vote by Mail Reporting	1408	409	29.05	285	103	271	109	135	249				
52307 MORENO VALLEY/3	961	268	27.89	191	49	167	67	83	143				

RIVERSIDE COUNTY Statement of Vote
CONSOLIDATED GENERAL ELECTION

CITY OF MORENO VALLEY													
140134	Registration	Ballots Cast	Turnout (%)	MEASURE N YES	NO	MEASURE O YES	NO	MEASURE P YES	NO				
52307 - Vote by Mail Reporting	961	279	29.03	196	67	181	80	84	182				
52311 MORENO VALLEY/3	1395	366	26.24	258	67	248	73	116	210				
52311 - Vote by Mail Reporting	1395	269	19.28	212	43	195	59	98	157				
52312 MORENO VALLEY/3	982	300	30.55	208	54	211	45	82	180				
52312 - Vote by Mail Reporting	982	206	20.98	168	26	154	41	48	150				
52313 MORENO VALLEY/3	912	240	26.32	190	33	172	46	57	165				
52313 - Vote by Mail Reporting	912	193	21.16	153	34	136	46	55	126				
52314 MORENO VALLEY/3	1025	268	26.15	211	37	207	40	75	171				
52314 - Vote by Mail Reporting	1025	242	23.61	191	34	171	53	83	144				
52315 MORENO VALLEY/3	840	213	25.36	163	34	145	48	76	120				
52315 - Vote by Mail Reporting	840	227	27.02	180	32	154	53	96	113				
52318 MORENO VALLEY/3	660	194	29.39	140	35	139	35	43	131				
52318 - Vote by Mail Reporting	660	121	18.33	101	12	80	28	35	77				
52319 MORENO VALLEY/3	1319	339	25.70	258	49	214	80	88	212				
52319 - Vote by Mail Reporting	1319	249	18.88	197	41	162	72	76	164				
52322 MORENO VALLEY/3	1451	328	22.61	249	49	236	55	105	186				
52322 - Vote by Mail Reporting	1451	517	35.63	377	113	332	145	205	279				
52323 MORENO VALLEY/3	1410	346	24.54	272	53	249	71	95	225				
52323 - Vote by Mail Reporting	1410	310	21.99	237	52	221	67	115	176				
52324 MORENO VALLEY/3	957	285	29.78	207	36	186	51	74	166				
52324 - Vote by Mail Reporting	957	198	20.69	161	28	127	58	64	125				
52325 MORENO VALLEY/3	1110	296	26.67	224	45	221	40	75	191				
52325 - Vote by Mail Reporting	1110	226	20.36	170	44	157	55	60	153				
52326 MORENO VALLEY/3	966	231	23.91	181	30	160	48	59	149				
52326 - Vote by Mail Reporting	966	205	21.22	152	41	130	57	65	126				
52328 MORENO VALLEY/3	916	224	24.45	171	31	157	42	64	134				
52328 - Vote by Mail Reporting	916	253	27.62	216	30	177	64	89	154				
52329 MORENO VALLEY/3	1354	362	26.74	267	65	233	91	116	215				
52329 - Vote by Mail Reporting	1354	421	31.09	323	84	274	123	163	241				
52330 MORENO VALLEY/3	0	0	0.00	0	0	0	0	0	0				
52330 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52331 MORENO VALLEY/3	0	0	0.00	0	0	0	0	0	0				
52331 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52332 MORENO VALLEY/3	1040	264	25.38	200	30	175	45	76	149				
52332 - Vote by Mail Reporting	1040	209	20.10	172	24	145	48	65	130				
52334 MORENO VALLEY/3	1220	329	26.97	257	50	223	79	72	231				
52334 - Vote by Mail Reporting	1220	272	22.30	213	41	194	54	97	154				
52336 MORENO VALLEY/3	834	229	27.46	172	36	157	45	69	136				
52336 - Vote by Mail Reporting	834	132	15.83	106	20	98	26	40	85				
52337 MORENO VALLEY/3	0	0	0.00	0	0	0	0	0	0				
52337 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52400 MORENO VALLEY/4	931	197	21.16	150	36	153	27	40	144				
52400 - Vote by Mail Reporting	931	204	21.91	153	40	150	43	57	136				
52401 MORENO VALLEY/4	787	249	31.64	200	35	185	45	74	157				
52401 - Vote by Mail Reporting	787	141	17.92	110	23	101	35	48	87				
52403 MORENO VALLEY/4	1211	273	22.54	188	55	179	61	76	165				
52403 - Vote by Mail Reporting	1211	264	21.80	210	39	193	54	69	182				
52405 MORENO VALLEY/4	1056	245	23.20	191	29	183	34	60	161				
52405 - Vote by Mail Reporting	1056	174	16.48	132	33	128	36	64	100				
52406 MORENO VALLEY/4	1488	356	23.92	260	66	242	80	93	232				
52406 - Vote by Mail Reporting	1488	348	23.39	263	59	249	68	98	223				
52407 MORENO VALLEY/4	1287	391	30.38	266	81	267	71	112	230				
52407 - Vote by Mail Reporting	1287	218	16.94	170	37	158	45	67	141				
52412 MORENO VALLEY/4	1194	319	26.72	253	45	228	65	96	203				
52412 - Vote by Mail Reporting	1194	250	20.94	198	46	183	58	74	168				
52413 MORENO VALLEY/4	631	169	26.78	109	40	115	30	49	100				
52413 - Vote by Mail Reporting	631	119	18.86	103	10	90	18	35	72				
52414 MORENO VALLEY/4	1093	303	27.72	227	51	217	60	85	194				
52414 - Vote by Mail Reporting	1093	226	20.68	183	34	169	47	68	148				
52415 MORENO VALLEY/4	824	243	29.49	185	39	167	50	60	157				
52415 - Vote by Mail Reporting	824	146	17.72	120	13	108	24	56	75				

RIVERSIDE COUNTY Statement of Vote
CONSOLIDATED GENERAL ELECTION

CITY OF MORENO VALLEY													
140134	Registration	Ballots Cast	Turnout (%)	MEASURE N YES	NO	MEASURE O YES	NO	MEASURE P YES	NO				
52500 MORENO VALLEY/5	1324	240	18.13	174	29	154	46	58	147				
52500 - Vote by Mail Reporting	1324	267	20.17	183	61	175	66	69	175				
52502 MORENO VALLEY/5	20	6	30.00	6	0	3	3	1	5				
52502 - Vote by Mail Reporting	20	0	0.00	0	0	0	0	0	0				
52505 MORENO VALLEY/5	1611	371	23.03	300	42	273	58	98	239				
52505 - Vote by Mail Reporting	1611	403	25.02	308	79	280	99	114	270				
52506 MORENO VALLEY/5	916	198	21.62	140	37	123	48	40	135				
52506 - Vote by Mail Reporting	916	196	21.40	150	34	143	40	51	131				
52507 MORENO VALLEY/5	908	157	17.29	123	22	102	36	38	105				
52507 - Vote by Mail Reporting	908	142	15.64	121	18	100	37	48	88				
52510 MORENO VALLEY/5	1327	279	21.02	219	44	201	57	56	203				
52510 - Vote by Mail Reporting	1327	268	20.20	208	42	178	70	74	177				
52511 MORENO VALLEY/5	890	239	26.85	180	45	166	55	79	146				
52511 - Vote by Mail Reporting	890	190	21.35	145	36	137	42	61	119				
52512 MORENO VALLEY/5	777	154	19.82	122	17	114	20	49	89				
52512 - Vote by Mail Reporting	777	121	15.57	100	18	96	20	44	72				
52515 MORENO VALLEY/5	1255	295	23.51	221	46	210	51	68	195				
52515 - Vote by Mail Reporting	1255	267	21.27	202	49	186	60	88	160				
52516 MORENO VALLEY/5	973	206	21.17	143	32	128	38	38	136				
52516 - Vote by Mail Reporting	973	137	14.08	108	23	98	33	39	91				
52521 MORENO VALLEY/5	760	227	29.87	183	46	146	59	61	146				
52521 - Vote by Mail Reporting	760	116	15.26	79	29	69	37	23	84				
52522 MORENO VALLEY/5	0	0	0.00	0	0	0	0	0	0				
52522 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
Precinct Totals	68943	17960	26.05	13275	3082	12206	3785	4921	11271				
Vote by Mail Reporting Totals	68943	15651	22.70	11847	2909	10585	3947	4943	9744				
Grand Totals	68943	33611	48.75	25122	5991	22791	7732	9864	21015				
CALIFORNIA	68943	33611	48.75	25122	5991	22791	7732	9864	21015				
41st Congressional District	0	0	0.00	0	0	0	0	0	0				
44th Congressional District	0	0	0.00	0	0	0	0	0	0				
45th Congressional District	68943	33611	48.75	25122	5991	22791	7732	9864	21015				
31st Senatorial District	0	0	0.00	0	0	0	0	0	0				
37th Senatorial District	68943	33611	48.75	25122	5991	22791	7732	9864	21015				
63rd Assembly District	1847	1160	62.80	789	289	698	361	415	662				
64th Assembly District	32183	15183	47.18	11288	2749	10177	3574	4280	9633				
65th Assembly District	34913	17268	49.46	13045	2953	11916	3797	5169	10720				
1st SUPERVISORIAL DISTRICT	0	0	0.00	0	0	0	0	0	0				
5th SUPERVISORIAL DISTRICT	68943	33611	48.75	25122	5991	22791	7732	9864	21015				
Riverside	68943	33611	48.75	25122	5991	22791	7732	9864	21015				
City of Moreno Valley	68943	33611	48.75	25122	5991	22791	7732	9864	21015				

CITY OF MORENO VALLEY													
140134	Registration	Ballots Cast	Turnout (%)	MEASURE N YES	NO	MEASURE O YES	NO	MEASURE P YES	NO				
12200 MORENO VALLEY/2	0	0	0.00	0	0	0	0	0	0				
12200 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
12500 MORENO VALLEY/5	0	0	0.00	0	0	0	0	0	0				
12500 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52100 MORENO VALLEY/1	1520	348	22.89	271	53	237	82	74	243				
52100 - Vote by Mail Reporting	1520	354	23.29	268	62	232	94	87	238				
52101 MORENO VALLEY/1	1271	353	27.77	270	51	231	83	80	244				
52101 - Vote by Mail Reporting	1271	318	25.02	239	60	213	78	87	210				
52105 MORENO VALLEY/1	1156	298	25.78	214	56	198	66	82	186				
52105 - Vote by Mail Reporting	1156	304	26.30	221	69	200	84	94	193				
52107 MORENO VALLEY/1	1429	283	19.80	210	48	198	52	62	195				
52107 - Vote by Mail Reporting	1429	277	19.38	211	53	189	74	59	203				
52108 MORENO VALLEY/1	1122	187	16.67	138	36	132	37	38	134				
52108 - Vote by Mail Reporting	1122	195	17.38	137	29	134	30	43	125				
52109 MORENO VALLEY/1	922	204	22.13	149	45	151	42	50	142				
52109 - Vote by Mail Reporting	922	190	20.61	149	32	121	56	55	124				
52112 MORENO VALLEY/1	745	177	23.76	128	41	124	43	41	125				
52112 - Vote by Mail Reporting	745	140	18.79	111	21	109	23	45	82				
52115 MORENO VALLEY/1	727	163	22.42	119	31	111	36	42	106				
52115 - Vote by Mail Reporting	727	153	21.05	108	35	103	38	47	95				
52116 MORENO VALLEY/1	1437	419	29.16	297	82	290	84	103	275				
52116 - Vote by Mail Reporting	1437	317	22.06	262	37	244	55	103	197				
52201 MORENO VALLEY/2	1122	352	31.37	253	68	232	80	110	204				
52201 - Vote by Mail Reporting	1122	284	25.31	201	56	164	87	77	180				
52202 MORENO VALLEY/2	864	247	28.59	191	41	158	68	76	153				
52202 - Vote by Mail Reporting	864	272	31.48	201	55	186	65	80	177				
52203 MORENO VALLEY/2	0	0	0.00	0	0	0	0	0	0				
52203 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52204 MORENO VALLEY/2	1472	449	30.50	303	108	279	121	138	267				
52204 - Vote by Mail Reporting	1472	451	30.64	320	106	280	138	181	249				
52205 MORENO VALLEY/2	1335	393	29.44	281	80	255	99	121	230				
52205 - Vote by Mail Reporting	1335	342	25.62	246	78	211	105	104	213				
52207 MORENO VALLEY/2	1017	313	30.78	247	39	234	44	93	190				
52207 - Vote by Mail Reporting	1017	258	25.37	188	53	173	62	87	152				
52212 MORENO VALLEY/2	1402	428	30.53	296	87	282	91	124	257				
52212 - Vote by Mail Reporting	1402	353	25.18	254	84	223	117	127	211				
52213 MORENO VALLEY/2	1089	317	29.11	230	58	195	86	89	195				
52213 - Vote by Mail Reporting	1089	215	19.74	180	37	132	60	62	135				
52217 MORENO VALLEY/2	1519	371	24.42	279	51	247	75	112	218				
52217 - Vote by Mail Reporting	1519	394	25.94	287	75	240	113	132	228				
52218 MORENO VALLEY/2	883	203	22.99	146	38	134	44	61	120				
52218 - Vote by Mail Reporting	883	213	24.12	157	44	160	41	67	133				
52219 MORENO VALLEY/2	657	174	26.48	117	42	102	56	47	110				
52219 - Vote by Mail Reporting	657	230	35.01	175	42	156	60	72	143				
52220 MORENO VALLEY/2	1426	362	25.39	256	79	239	86	100	231				
52220 - Vote by Mail Reporting	1426	352	24.68	260	67	224	96	120	213				
52221 MORENO VALLEY/2	1285	345	26.85	263	46	236	62	94	206				
52221 - Vote by Mail Reporting	1285	265	20.62	193	57	178	67	86	165				
52224 MORENO VALLEY/2	0	0	0.00	0	0	0	0	0	0				
52224 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52225 MORENO VALLEY/2	0	0	0.00	0	0	0	0	0	0				
52225 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52300 MORENO VALLEY/3	375	260	69.33	166	75	139	102	96	146				
52300 - Vote by Mail Reporting	375	0	0.00	0	0	0	0	0	0				
52301 MORENO VALLEY/3	691	230	33.29	177	28	149	49	79	124				
52301 - Vote by Mail Reporting	691	190	27.50	134	48	117	64	61	117				
52304 MORENO VALLEY/3	1454	473	32.53	328	110	307	124	124	308				
52304 - Vote by Mail Reporting	1454	449	30.88	309	117	246	170	147	277				
52306 MORENO VALLEY/3	1408	412	29.26	307	69	280	78	119	259				
52306 - Vote by Mail Reporting	1408	409	29.05	285	103	271	109	135	249				
52307 MORENO VALLEY/3	961	268	27.89	191	49	167	67	93	143				

RIVERSIDE COUNTY Statement of Vote
CONSOLIDATED GENERAL ELECTION

CITY OF MORENO VALLEY													
140134	Registration	Ballots Cast	Turnout (%)	MEASURE N YES	NO	MEASURE O YES	NO	MEASURE P YES	NO				
52307 - Vote by Mail Reporting	961	279	29.03	196	67	181	80	84	182				
52311 MORENO VALLEY/3	1395	366	26.24	258	67	248	73	116	210				
52311 - Vote by Mail Reporting	1395	269	19.28	212	43	195	59	98	157				
52312 MORENO VALLEY/3	982	300	30.55	208	54	211	45	82	180				
52312 - Vote by Mail Reporting	982	206	20.98	168	26	154	41	48	150				
52313 MORENO VALLEY/3	912	240	26.32	190	33	172	46	57	165				
52313 - Vote by Mail Reporting	912	193	21.16	153	34	136	46	55	126				
52314 MORENO VALLEY/3	1025	268	26.15	211	37	207	40	75	171				
52314 - Vote by Mail Reporting	1025	242	23.61	191	34	171	53	83	144				
52315 MORENO VALLEY/3	840	213	25.36	163	34	145	48	76	120				
52315 - Vote by Mail Reporting	840	227	27.02	180	32	154	53	96	113				
52318 MORENO VALLEY/3	660	194	29.39	140	35	139	35	43	131				
52318 - Vote by Mail Reporting	660	121	18.33	101	12	80	28	35	77				
52319 MORENO VALLEY/3	1319	339	25.70	258	49	214	80	88	212				
52319 - Vote by Mail Reporting	1319	249	18.88	197	41	182	72	76	164				
52322 MORENO VALLEY/3	1451	328	22.61	249	49	236	55	105	186				
52322 - Vote by Mail Reporting	1451	517	35.63	377	113	332	145	205	279				
52323 MORENO VALLEY/3	1410	346	24.54	272	53	249	71	95	225				
52323 - Vote by Mail Reporting	1410	310	21.99	237	52	221	67	115	176				
52324 MORENO VALLEY/3	957	285	29.78	207	36	186	51	74	166				
52324 - Vote by Mail Reporting	957	198	20.69	161	28	127	58	64	125				
52325 MORENO VALLEY/3	1110	296	26.67	224	45	221	40	75	191				
52325 - Vote by Mail Reporting	1110	226	20.36	170	44	157	55	60	153				
52326 MORENO VALLEY/3	966	231	23.91	181	30	160	48	59	149				
52326 - Vote by Mail Reporting	966	205	21.22	152	41	130	57	65	126				
52328 MORENO VALLEY/3	916	224	24.45	171	31	157	42	64	134				
52328 - Vote by Mail Reporting	916	253	27.62	216	30	177	64	89	154				
52329 MORENO VALLEY/3	1354	362	26.74	267	65	233	91	116	215				
52329 - Vote by Mail Reporting	1354	421	31.09	323	84	274	123	163	241				
52330 MORENO VALLEY/3	0	0	0.00	0	0	0	0	0	0				
52330 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52331 MORENO VALLEY/3	0	0	0.00	0	0	0	0	0	0				
52331 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52332 MORENO VALLEY/3	1040	264	25.38	200	30	175	45	76	149				
52332 - Vote by Mail Reporting	1040	209	20.10	172	24	145	48	65	130				
52334 MORENO VALLEY/3	1220	329	26.97	257	50	223	79	72	231				
52334 - Vote by Mail Reporting	1220	272	22.30	213	41	194	54	97	154				
52336 MORENO VALLEY/3	834	229	27.46	172	36	157	45	69	136				
52336 - Vote by Mail Reporting	834	132	15.83	106	20	98	26	40	85				
52337 MORENO VALLEY/3	0	0	0.00	0	0	0	0	0	0				
52337 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52400 MORENO VALLEY/4	931	197	21.16	150	36	153	27	40	144				
52400 - Vote by Mail Reporting	931	204	21.91	153	40	150	43	57	136				
52401 MORENO VALLEY/4	787	249	31.64	200	35	185	45	74	157				
52401 - Vote by Mail Reporting	787	141	17.92	110	23	101	35	48	87				
52403 MORENO VALLEY/4	1211	273	22.54	188	55	179	61	76	165				
52403 - Vote by Mail Reporting	1211	264	21.80	210	39	193	54	69	182				
52405 MORENO VALLEY/4	1056	245	23.20	191	29	183	34	60	161				
52405 - Vote by Mail Reporting	1056	174	16.48	132	33	128	36	64	100				
52406 MORENO VALLEY/4	1488	356	23.92	260	66	242	80	93	232				
52406 - Vote by Mail Reporting	1488	348	23.39	263	59	249	68	98	223				
52407 MORENO VALLEY/4	1287	391	30.38	266	81	267	71	112	230				
52407 - Vote by Mail Reporting	1287	218	16.94	170	37	158	45	67	141				
52412 MORENO VALLEY/4	1194	319	26.72	253	45	228	65	96	203				
52412 - Vote by Mail Reporting	1194	250	20.94	198	46	183	58	74	168				
52413 MORENO VALLEY/4	631	169	26.78	109	40	115	30	49	100				
52413 - Vote by Mail Reporting	631	119	18.86	103	10	90	18	35	72				
52414 MORENO VALLEY/4	1093	303	27.72	227	51	217	60	85	194				
52414 - Vote by Mail Reporting	1093	226	20.68	183	34	169	47	68	148				
52415 MORENO VALLEY/4	824	243	29.49	185	39	167	50	60	157				
52415 - Vote by Mail Reporting	824	146	17.72	120	13	108	24	56	75				

RIVERSIDE COUNTY Statement of Vote
CONSOLIDATED GENERAL ELECTION

140134	CITY OF MORENO VALLEY													
	Registration	Ballots Cast	Turnout (%)		MEASURE N YES	NO		MEASURE O YES	NO		MEASURE P YES	NO		
52500 MORENO VALLEY/5	1324	240	18.13		174	29		154	46		58	147		
52500 - Vote by Mail Reporting	1324	267	20.17		183	61		175	66		69	175		
52502 MORENO VALLEY/5	20	6	30.00		6	0		3	3		1	5		
52502 - Vote by Mail Reporting	20	0	0.00		0	0		0	0		0	0		
52505 MORENO VALLEY/5	1611	371	23.03		300	42		273	58		98	239		
52505 - Vote by Mail Reporting	1611	403	25.02		308	79		280	99		114	270		
52506 MORENO VALLEY/5	916	198	21.62		140	37		123	48		40	135		
52506 - Vote by Mail Reporting	916	196	21.40		150	34		143	40		51	131		
52507 MORENO VALLEY/5	908	157	17.29		123	22		102	36		38	105		
52507 - Vote by Mail Reporting	908	142	15.64		121	18		100	37		48	88		
52510 MORENO VALLEY/5	1327	279	21.02		219	44		201	57		56	203		
52510 - Vote by Mail Reporting	1327	268	20.20		208	42		178	70		74	177		
52511 MORENO VALLEY/5	890	239	26.85		180	45		166	55		79	146		
52511 - Vote by Mail Reporting	890	190	21.35		145	36		137	42		61	119		
52512 MORENO VALLEY/5	777	154	19.82		122	17		114	20		49	89		
52512 - Vote by Mail Reporting	777	121	15.57		100	18		96	20		44	72		
52515 MORENO VALLEY/5	1255	295	23.51		221	46		210	51		68	195		
52515 - Vote by Mail Reporting	1255	267	21.27		202	49		186	60		88	160		
52516 MORENO VALLEY/5	973	206	21.17		143	32		128	38		38	136		
52516 - Vote by Mail Reporting	973	137	14.08		108	23		98	33		39	91		
52521 MORENO VALLEY/5	760	227	29.87		163	46		146	59		61	146		
52521 - Vote by Mail Reporting	760	116	15.26		79	29		69	37		23	84		
52522 MORENO VALLEY/5	0	0	0.00		0	0		0	0		0	0		
52522 - Vote by Mail Reporting	0	0	0.00		0	0		0	0		0	0		
Precinct Totals	68943	17960	26.05		13275	3082		12206	3785		4921	11271		
Vote by Mail Reporting Totals	68943	15651	22.70		11847	2909		10585	3947		4943	9744		
Grand Totals	68943	33611	48.75		25122	5991		22791	7732		9864	21015		
CALIFORNIA	68943	33611	48.75		25122	5991		22791	7732		9864	21015		
41st Congressional District	0	0	0.00		0	0		0	0		0	0		
44th Congressional District	0	0	0.00		0	0		0	0		0	0		
45th Congressional District	68943	33611	48.75		25122	5991		22791	7732		9864	21015		
31st Senatorial District	0	0	0.00		0	0		0	0		0	0		
37th Senatorial District	68943	33611	48.75		25122	5991		22791	7732		9864	21015		
63rd Assembly District	1647	1160	62.80		789	289		698	361		415	662		
64th Assembly District	32183	15183	47.18		11288	2749		10177	3574		4280	9633		
65th Assembly District	34913	17268	49.46		13045	2953		11916	3797		5169	10720		
1st SUPERVISORIAL DISTRICT	0	0	0.00		0	0		0	0		0	0		
5th SUPERVISORIAL DISTRICT	68943	33611	48.75		25122	5991		22791	7732		9864	21015		
Riverside	68943	33611	48.75		25122	5991		22791	7732		9864	21015		
City of Moreno Valley	68943	33611	48.75		25122	5991		22791	7732		9864	21015		

RIVERSIDE COUNTY Statement of Vote
CONSOLIDATED GENERAL ELECTION

140134	CITY OF MORENO VALLEY													
	Registration	Ballots Cast	Turnout (%)		MEASURE N YES	NO		MEASURE O YES	NO		MEASURE P YES	NO		
12200 MORENO VALLEY/2	0	0	0.00		0	0		0	0		0	0		
12200 - Vote by Mail Reporting	0	0	0.00		0	0		0	0		0	0		
12500 MORENO VALLEY/5	0	0	0.00		0	0		0	0		0	0		
12500 - Vote by Mail Reporting	0	0	0.00		0	0		0	0		0	0		
52100 MORENO VALLEY/1	1520	348	22.89		271	53		237	82		74	243		
52100 - Vote by Mail Reporting	1520	354	23.29		268	62		232	94		87	238		
52101 MORENO VALLEY/1	1271	353	27.77		270	51		231	83		80	244		
52101 - Vote by Mail Reporting	1271	318	25.02		239	60		213	78		87	210		
52105 MORENO VALLEY/1	1156	298	25.78		214	56		198	66		82	186		
52105 - Vote by Mail Reporting	1156	304	26.30		221	69		200	84		94	193		
52107 MORENO VALLEY/1	1429	283	19.80		210	48		198	52		62	195		
52107 - Vote by Mail Reporting	1429	277	19.38		211	53		189	74		59	203		
52108 MORENO VALLEY/1	1122	187	16.67		138	36		132	37		38	134		
52108 - Vote by Mail Reporting	1122	195	17.38		137	29		134	30		43	125		
52109 MORENO VALLEY/1	922	204	22.13		149	45		151	42		50	142		
52109 - Vote by Mail Reporting	922	190	20.61		149	32		121	56		55	124		
52112 MORENO VALLEY/1	745	177	23.76		128	41		124	43		41	125		
52112 - Vote by Mail Reporting	745	140	18.79		111	21		109	23		45	82		
52115 MORENO VALLEY/1	727	163	22.42		119	31		111	36		42	106		
52115 - Vote by Mail Reporting	727	153	21.05		108	35		103	38		47	95		
52116 MORENO VALLEY/1	1437	419	29.16		297	82		290	84		103	275		
52116 - Vote by Mail Reporting	1437	317	22.06		262	37		244	55		103	197		
52201 MORENO VALLEY/2	1122	352	31.37		253	68		232	80		110	204		
52201 - Vote by Mail Reporting	1122	284	25.31		201	56		164	87		77	180		
52202 MORENO VALLEY/2	864	247	28.59		191	41		158	68		76	153		
52202 - Vote by Mail Reporting	864	272	31.48		201	55		186	65		80	177		
52203 MORENO VALLEY/2	0	0	0.00		0	0		0	0		0	0		
52203 - Vote by Mail Reporting	0	0	0.00		0	0		0	0		0	0		
52204 MORENO VALLEY/2	1472	449	30.50		303	108		279	121		138	267		
52204 - Vote by Mail Reporting	1472	451	30.64		320	106		280	138		181	249		
52205 MORENO VALLEY/2	1336	393	29.44		281	80		255	99		121	230		
52205 - Vote by Mail Reporting	1335	342	25.62		246	78		211	105		104	213		
52207 MORENO VALLEY/2	1017	313	30.78		247	39		234	44		93	190		
52207 - Vote by Mail Reporting	1017	258	25.37		188	53		173	62		87	152		
52212 MORENO VALLEY/2	1402	428	30.53		296	87		282	91		124	257		
52212 - Vote by Mail Reporting	1402	353	25.18		254	84		223	117		127	211		
52213 MORENO VALLEY/2	1089	317	29.11		230	58		195	86		89	195		
52213 - Vote by Mail Reporting	1089	215	19.74		160	37		132	60		62	135		
52217 MORENO VALLEY/2	1519	371	24.42		279	51		247	75		112	218		
52217 - Vote by Mail Reporting	1519	394	25.94		287	75		240	113		132	228		
52218 MORENO VALLEY/2	883	203	22.99		146	38		134	44		61	120		
52218 - Vote by Mail Reporting	883	213	24.12		157	44		160	41		67	133		
52219 MORENO VALLEY/2	657	174	26.48		117	42		102	56		47	110		
52219 - Vote by Mail Reporting	657	230	35.01		175	42		156	60		72	143		
52220 MORENO VALLEY/2	1426	362	25.39		256	79		239	86		100	231		
52220 - Vote by Mail Reporting	1426	352	24.68		260	67		224	96		120	213		
52221 MORENO VALLEY/2	1285	345	26.85		263	46		236	62		94	206		
52221 - Vote by Mail Reporting	1285	265	20.62		193	57		178	67		86	165		
52224 MORENO VALLEY/2	0	0	0.00		0	0		0	0		0	0		
52224 - Vote by Mail Reporting	0	0	0.00		0	0		0	0		0	0		
52225 MORENO VALLEY/2	0	0	0.00		0	0		0	0		0	0		
52225 - Vote by Mail Reporting	0	0	0.00		0	0		0	0		0	0		
52300 MORENO VALLEY/3	375	260	69.33		166	75		139	102		96	146		
52300 - Vote by Mail Reporting	375	0	0.00		0	0		0	0		0	0		
52301 MORENO VALLEY/3	691	230	33.29		177	28		149	49		79	124		
52301 - Vote by Mail Reporting	691	190	27.50		134	48		117	64		61	117		
52304 MORENO VALLEY/3	1454	473	32.53		328	110		307	124		124	308		
52304 - Vote by Mail Reporting	1454	449	30.88		309	117		246	170		147	277		
52306 MORENO VALLEY/3	1408	412	29.26		307	69		290	78		119	259		
52306 - Vote by Mail Reporting	1408	409	29.05		285	103		271	109		135	249		
52307 MORENO VALLEY/3	961	268	27.89		191	49		167	67		93	143		

RIVERSIDE COUNTY Statement of Vote
CONSOLIDATED GENERAL ELECTION

CITY OF MORENO VALLEY													
140134	Registration	Ballots Cast	Turnout (%)	MEASURE N YES	NO	MEASURE O YES	NO	MEASURE P YES	NO				
52307 - Vote by Mail Reporting	961	279	29.03	195	67	181	80	84	182				
52311 MORENO VALLEY/3	1395	366	26.24	258	67	248	73	116	210				
52311 - Vote by Mail Reporting	1395	269	19.28	212	43	195	59	98	157				
52312 MORENO VALLEY/3	982	300	30.55	208	54	211	45	82	180				
52312 - Vote by Mail Reporting	982	206	20.98	168	26	154	41	48	150				
52313 MORENO VALLEY/3	912	240	26.32	190	33	172	46	57	165				
52313 - Vote by Mail Reporting	912	193	21.16	153	34	136	46	55	126				
52314 MORENO VALLEY/3	1025	268	26.15	211	37	207	40	75	171				
52314 - Vote by Mail Reporting	1025	242	23.61	191	34	171	53	83	144				
52315 MORENO VALLEY/3	840	213	25.36	163	34	145	48	76	120				
52315 - Vote by Mail Reporting	840	227	27.02	180	32	154	53	96	113				
52318 MORENO VALLEY/3	660	194	29.39	140	35	139	35	43	131				
52318 - Vote by Mail Reporting	660	121	18.33	101	12	80	28	35	77				
52319 MORENO VALLEY/3	1319	339	25.70	258	49	214	80	88	212				
52319 - Vote by Mail Reporting	1319	249	18.88	197	41	162	72	76	164				
52322 MORENO VALLEY/3	1451	328	22.61	249	49	236	55	105	186				
52322 - Vote by Mail Reporting	1451	517	35.63	377	113	332	145	205	279				
52323 MORENO VALLEY/3	1410	346	24.54	272	53	249	71	95	225				
52323 - Vote by Mail Reporting	1410	310	21.99	237	52	221	67	115	176				
52324 MORENO VALLEY/3	957	285	29.78	207	36	186	51	74	166				
52324 - Vote by Mail Reporting	957	198	20.69	161	28	127	58	64	125				
52325 MORENO VALLEY/3	1110	296	26.67	224	45	221	40	75	191				
52325 - Vote by Mail Reporting	1110	226	20.38	170	44	157	55	60	153				
52326 MORENO VALLEY/3	966	231	23.91	181	30	160	48	59	149				
52326 - Vote by Mail Reporting	966	205	21.22	152	41	130	57	65	126				
52328 MORENO VALLEY/3	916	224	24.45	171	31	157	42	64	134				
52328 - Vote by Mail Reporting	916	253	27.62	216	30	177	64	89	154				
52329 MORENO VALLEY/3	1354	362	26.74	287	65	233	91	116	215				
52329 - Vote by Mail Reporting	1354	421	31.09	323	84	274	123	163	241				
52330 MORENO VALLEY/3	0	0	0.00	0	0	0	0	0	0				
52330 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52331 MORENO VALLEY/3	0	0	0.00	0	0	0	0	0	0				
52331 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52332 MORENO VALLEY/3	1040	264	25.38	200	30	175	45	76	149				
52332 - Vote by Mail Reporting	1040	209	20.10	172	24	145	48	65	130				
52334 MORENO VALLEY/3	1220	329	26.97	257	50	223	79	72	231				
52334 - Vote by Mail Reporting	1220	272	22.30	213	41	194	54	97	154				
52336 MORENO VALLEY/3	834	229	27.48	172	36	157	45	69	136				
52336 - Vote by Mail Reporting	834	132	15.83	106	20	98	26	40	85				
52337 MORENO VALLEY/3	0	0	0.00	0	0	0	0	0	0				
52337 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0				
52400 MORENO VALLEY/4	931	197	21.16	150	36	153	27	40	144				
52400 - Vote by Mail Reporting	931	204	21.91	153	40	150	43	57	136				
52401 MORENO VALLEY/4	787	249	31.64	200	35	185	45	74	157				
52401 - Vote by Mail Reporting	787	141	17.92	110	23	101	35	48	87				
52403 MORENO VALLEY/4	1211	273	22.54	188	55	179	61	76	165				
52403 - Vote by Mail Reporting	1211	264	21.80	210	39	193	54	69	182				
52405 MORENO VALLEY/4	1056	245	23.20	191	29	183	34	60	161				
52405 - Vote by Mail Reporting	1056	174	16.48	132	33	128	36	64	100				
52406 MORENO VALLEY/4	1488	356	23.92	260	66	242	80	93	232				
52406 - Vote by Mail Reporting	1488	348	23.39	263	59	248	68	98	223				
52407 MORENO VALLEY/4	1287	391	30.38	266	81	267	71	112	230				
52407 - Vote by Mail Reporting	1287	218	16.94	170	37	158	45	67	141				
52412 MORENO VALLEY/4	1194	319	26.72	253	45	228	65	96	203				
52412 - Vote by Mail Reporting	1194	250	20.94	198	46	183	58	74	168				
52413 MORENO VALLEY/4	631	169	26.78	109	40	115	30	49	100				
52413 - Vote by Mail Reporting	631	119	18.86	103	10	90	18	35	72				
52414 MORENO VALLEY/4	1093	303	27.72	227	51	217	60	85	194				
52414 - Vote by Mail Reporting	1093	226	20.68	183	34	169	47	68	148				
52415 MORENO VALLEY/4	824	243	29.49	185	39	167	50	60	157				
52415 - Vote by Mail Reporting	824	146	17.72	120	13	108	24	56	75				

RIVERSIDE COUNTY Statement of Vote
CONSOLIDATED GENERAL ELECTION

140134	CITY OF MORENO VALLEY													
	Registration	Ballots Cast	Turnout (%)	MEASURE N YES	NO	MEASURE O YES	NO	MEASURE P YES	NO					
52500 MORENO VALLEY/5	1324	240	18.13	174	29	154	46	58	147					
52500 - Vote by Mail Reporting	1324	287	20.17	183	61	175	66	69	175					
52502 MORENO VALLEY/5	20	6	30.00	6	0	3	3	1	5					
52502 - Vote by Mail Reporting	20	0	0.00	0	0	0	0	0	0					
52505 MORENO VALLEY/5	1611	371	23.03	300	42	273	58	98	239					
52505 - Vote by Mail Reporting	1611	403	25.02	308	79	280	99	114	270					
52506 MORENO VALLEY/5	916	198	21.62	140	37	123	48	40	135					
52506 - Vote by Mail Reporting	916	196	21.40	150	34	143	40	51	131					
52507 MORENO VALLEY/5	908	157	17.29	123	22	102	36	38	105					
52507 - Vote by Mail Reporting	908	142	15.64	121	18	100	37	48	88					
52510 MORENO VALLEY/5	1327	279	21.02	219	44	201	57	56	203					
52510 - Vote by Mail Reporting	1327	268	20.20	208	42	178	70	74	177					
52511 MORENO VALLEY/5	890	239	26.85	180	45	166	55	79	146					
52511 - Vote by Mail Reporting	890	190	21.35	145	36	137	42	61	119					
52512 MORENO VALLEY/5	777	154	19.82	122	17	114	20	49	89					
52512 - Vote by Mail Reporting	777	121	15.57	100	18	96	20	44	72					
52515 MORENO VALLEY/5	1255	295	23.51	221	46	210	51	68	195					
52515 - Vote by Mail Reporting	1255	267	21.27	202	49	186	60	88	160					
52516 MORENO VALLEY/5	973	206	21.17	143	32	128	38	38	136					
52516 - Vote by Mail Reporting	973	137	14.08	108	23	98	33	39	91					
52521 MORENO VALLEY/5	760	227	29.87	163	46	146	59	61	146					
52521 - Vote by Mail Reporting	760	116	15.26	79	29	69	37	23	84					
52522 MORENO VALLEY/5	0	0	0.00	0	0	0	0	0	0					
52522 - Vote by Mail Reporting	0	0	0.00	0	0	0	0	0	0					
Precinct Totals	68943	17960	26.05	13275	3082	12206	3785	4921	11271					
Vote by Mail Reporting Totals	68943	15651	22.70	11847	2909	10585	3947	4943	9744					
Grand Totals	68943	33611	48.75	25122	5991	22791	7732	9864	21015					
CALIFORNIA	68943	33611	48.75	25122	5991	22791	7732	9864	21015					
41st Congressional District	0	0	0.00	0	0	0	0	0	0					
44th Congressional District	0	0	0.00	0	0	0	0	0	0					
45th Congressional District	68943	33611	48.75	25122	5991	22791	7732	9864	21015					
31st Senatorial District	0	0	0.00	0	0	0	0	0	0					
37th Senatorial District	68943	33611	48.75	25122	5991	22791	7732	9864	21015					
63rd Assembly District	1847	1160	62.80	789	289	698	361	415	662					
64th Assembly District	32183	15183	47.18	11288	2749	10177	3574	4280	9633					
65th Assembly District	34913	17268	49.46	13045	2953	11916	3797	5189	10720					
1st SUPERVISORIAL DISTRICT	0	0	0.00	0	0	0	0	0	0					
5th SUPERVISORIAL DISTRICT	68943	33611	48.75	25122	5991	22791	7732	9864	21015					
Riverside	68943	33611	48.75	25122	5991	22791	7732	9864	21015					
City of Moreno Valley	68943	33611	48.75	25122	5991	22791	7732	9864	21015					

RESOLUTION NO. 2010-105

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, RECITING THE FACTS OF THE GENERAL MUNICIPAL ELECTION HELD NOVEMBER 2, 2010, DECLARING THE RESULTS AND SUCH OTHER MATTERS AS PROVIDED BY LAW

WHEREAS, on Tuesday, November 2, 2010, a General Municipal Election was held and conducted for the purpose of electing Council Members in Districts 2 and 4 and for the purpose of submitting to the voters of said City two (2) advisory ballot measures (Measures N and O) relating to changing from an appointed to an elected Mayor and one (1) measure relating to the increase of the Transit Occupancy Tax (Measure P) from 8% to 11%; and

WHEREAS, notice of the election was given in time, form and manner as provided by law; voting precincts were properly established; election officers were appointed and in all respects, the election was held and conducted and the votes were cast, received and canvassed and the returns made and declared in time, form and manner as required by the provisions of the Elections Code of the State of California for the holding of elections in general law cities; and

WHEREAS, pursuant to Resolution No. 2010-52, adopted June 8, 2010, the Registrar of Voters of the County of Riverside canvassed the returns of the election and has certified the results thereof to this City Council.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. That the whole number of votes cast in the City except absentee voter ballots was 17,960.

That the whole number of absentee voter ballots cast in the City was 15,651 making a total of 33,611 votes cast in the City.

SECTION 2.

a. That the names of persons voted for, and the number of votes given in the City at the election for Member of the City Council for District 2 are as follows:

<u>NAME</u>	<u>NUMBER OF VOTES</u>	
Richard A. Stewart	2,846	43.88%

1

Resolution No. 2010-
Date Adopted: December 14, 2010

Exhibit B

Jose Hector Ramirez	1,486	22.91%
Alvin C. Horn	1,236	19.06%
Marcia Amino	918	14.15%
Total:	6,486	100%

b. That the names of persons voted for, and the number of votes given in the City, at the election for Member of the City Council for District 4 are as follows:

<u>NAME</u>	<u>NUMBER OF VOTES</u>	
Marcelo Co	1,583	36.64%
Gwendolyn Cross	1,534	35.51%
Bonnie Flickinger	1,203	27.85%
Total:	4,320	100%

- c. That the number of votes cast for Measure N was 31,113, of which 25,122 (80.74%) were cast in favor of said measure and 5,991 (19.26%) were cast against said measure. The advisory ballot measure received a majority “Yes” vote. The results of the vote will not be legally binding.
- d. That the number of votes cast for Measure O was 30,523, of which 22,791 (74.67%) were cast in favor of said measure and 7,732 (25.33%) were cast against said measure. The advisory ballot measure received a majority “Yes” vote. The results of the vote will not be legally binding.
- e. That the number of votes cast for Measure P was 30,879, of which 9,864 (31.94%) were cast in favor of said measure and 21,015 (68.06%) were cast against said measure. The measure did not receive a majority of votes required. The measure failed.

SECTION 3. That the number of votes given at each precinct and the number of votes given in the City to each of the persons above named for the respective offices for which the persons were candidates were as listed on the Statement of Vote prepared by the Registrar of Voters and attached hereto as Attachment 1.

SECTION 4. That the City Council does declare and determine that Richard A. Stewart was elected as a Member of the City Council for District 2 for a full term of four years; and that Marcelo Co was elected as a Member of the City Council for District 4 for a full term of four years.

SECTION 5. That the number of votes for advisory ballot measures N and O were in favor of said measures. The results of the votes will not be legally binding.

SECTION 6. That the number of votes required for approval of Measure P was not received.

SECTION 7. That the City Clerk shall enter on the records of the City Council of the City a statement of the results of the election showing: (1) the whole number of votes cast in the City; (2) the names of the persons voted for; (3) for what office each person was voted for; (4) the number of votes given at each precinct to each person; (5) total number of votes given to each person; and (6) the number of votes given in favor of, and the number of votes given against, approval of Measures N, O and P.

SECTION 8. That the City Clerk shall immediately make and deliver to each of the persons so elected a Certificate of Election signed by the City Clerk and authenticated; that the City Clerk shall also administer to each person elected the Oath of Office prescribed in the Constitution of the State of California and shall have them subscribe to it and file it in the office of the City Clerk. Each and all of the persons so elected shall then be inducted into the respective office to which they have been elected.

SECTION 9. That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

APPROVED AND ADOPTED this 14th day of December, 2010.

Mayor

APPROVED AS TO FORM:

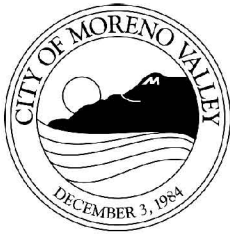
City Attorney

ATTEST:

City Clerk

(SEAL)

This page intentionally left blank.



APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>But</i>
CITY MANAGER	<i>W/S</i>

Report to City Council

TO: Mayor and City Council

FROM: Jane Halstead, City Clerk, CMC

AGENDA DATE: December 14, 2010

TITLE: CITY COUNCIL REORGANIZATION – SELECTION OF MAYOR AND MAYOR PRO TEM

RECOMMENDED ACTION

Staff recommends that the City Council conduct the reorganization of the City Council by selecting two Councilmembers to serve one-year terms respectively as Mayor and Mayor Pro Tem.

ADVISORY COMMITTEE RECOMMENDATION

N/A

SUMMARY

The City Council's Rules of Procedure provide that the City Council meet annually at its first regular meeting in December of each year to choose one of its number as Mayor and another of its number as Mayor Pro Tem. Said Rules of Procedure also provide that the new Mayor and Mayor Pro Tem shall be installed and sworn in during a special ceremonial meeting on the first Tuesday of January (January 4, 2011) and shall assume their offices at the regular City Council meeting on the second Tuesday of January (January 11, 2011).

BACKGROUND/DISCUSSION

Section 4.2.3 of the Rules of Procedure provides that nominations for the office of Mayor and Mayor Pro Tem may be made by any member of the City Council and need not be seconded in order to be effective. Each selection shall be by three or more affirmative votes. In the event that no person receives three or more votes in the selection process for one or both offices, the selection process shall be repeated

immediately; provided, however, that the two persons receiving the highest number of votes in the preceding selection process shall be the only nominees for the office to be filled. If, upon repeating the selection process for Mayor or Mayor Pro Tem, no person has yet received three affirmative votes for such office, the City Council may either repeat the selection process until the officer has been duly selected or may continue the selection to the next regular meeting of the City Council.

Voting in the selection of Mayor and Mayor Pro Tem shall be by written ballot unless the City Council, by three or more affirmative votes, determines to conduct the selection process by voice vote. If conducted by written ballot, the vote of each Councilmember shall remain undisclosed until all votes have been cast and have been lodged with the City Clerk. The City Clerk shall then read aloud into the minutes of the City Council the identity of the voting Councilmember and the name of the person for whom such person is voting. The written ballots shall be public documents and shall be retained in the records of the City Council. The Standard Code of Parliamentary Procedure shall apply to resolve any question of procedure arising during the selection process, which is not governed by Section 4.2 of the City Council Rules of Procedure.

The new Mayor and Mayor Pro Tem shall serve until the next meeting scheduled for selection of Mayor and Mayor Pro Tem in December 2011.

ALTERNATIVES

1. Conduct the reorganization of the City Council by selecting a new Mayor and Mayor Pro Tem.
2. Continue the selection to the next regular meeting of the City Council if upon repeating the selection process, no person receives three affirmative votes for either Mayor or Mayor Pro Tem.

FISCAL IMPACT

There is no fiscal impact associated with the recommended action.

STAFF RECOMMENDATION

Staff recommends that the City Council conduct the reorganization of the City Council by selecting two Councilmembers to serve one-year terms respectively as Mayor and Mayor Pro Tem.

NOTIFICATION

Publication of the Agenda

ATTACHMENTS/EXHIBITS

None

Jane Halstead, City Clerk, CMC
Prepared By

Jane Halstead, City Clerk, CMC
Department Head Approval

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

\\zurich\Shared\InterDept\Council-Clerk\City Clerk Files\2008 Files\2010 Staff Reports\Report re Council Reorganization.doc

This page intentionally left blank.

MINUTES
CITY COUNCIL OF THE CITY OF MORENO VALLEY
November 30, 2010

CALL TO ORDER

SPECIAL PRESENTATIONS

1. APWA (American Public Works Association) Project of the Year Award
2. All-Star Recycling Awards Presented by Waste Management
3. Moreno Valley Chamber of Commerce Donation to the Military Appreciation Banner Program
4. Proclamation Recognizing Tao Music Group Promoter of the "Never Again" Benefit Concert

**MINUTES
SPECIAL JOINT MEETING OF THE
CITY COUNCIL OF THE CITY OF MORENO VALLEY
MORENO VALLEY COMMUNITY SERVICES DISTRICT
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY
BOARD OF LIBRARY TRUSTEES**

**SPECIAL MEETING – 6:30 PM
November 30, 2010**

CALL TO ORDER

Joint Special Meeting of the City Council of the City of Moreno Valley, Moreno Valley Community Services District, the Community Redevelopment Agency of the City of Moreno Valley and the Board of Library Trustees was called to order at 6:30 p.m. by Mayor Flickinger in the Council Chamber located at 14177 Frederick Street.

PLEDGE OF ALLEGIANCE - The Pledge of Allegiance was led by Mayor Pro Tem Hastings

INVOCATION – Council Member Stewart

ROLL CALL

Council:

Bonnie Flickinger	Mayor
Robin N. Hastings	Mayor Pro Tem
William H. Batey II	Council Member
Jesse L. Molina	Council Member
Richard A. Stewart	Council Member

Staff:

Jane Halstead	City Clerk
Ewa Lopez	Deputy City Clerk
William Bopf	Interim City Manager
Richard Teichert	Financial and Administrative Services Director
Robert Hansen	City Attorney
Michelle Dawson	Acting Assistant City Manager
John Anderson	Police Chief
Steve Curley	Fire Chief
Chris Vogt	Public Works Director
Kyle Kollar	Interim Community Development Director
Barry Foster	Economic Development Director
Mike McCarty	Parks & Community Services Director
Sonny Morkus	Human Resources Director

MINUTES
November 30, 2010

JOINT CONSENT CALENDARS (SECTIONS A-D) OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, MORENO VALLEY COMMUNITY SERVICES DISTRICT, COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY AND THE BOARD OF LIBRARY TRUSTEES

Mayor Flickinger opened the agenda items for the Consent Calendars for public comments, which were received from Deanna Reeder (Items A6, A9 and A10).

A. CONSENT CALENDAR-CITY COUNCIL

A.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

A.2 MINUTES - REGULAR MEETING OF NOVEMBER 9, 2010 (Report of: City Clerk's Department)

Recommendation:
Approve as submitted.

A.3 CITY COUNCIL REPORTS ON REIMBURSABLE ACTIVITIES (Report of: City Clerk's Department)

Recommendation:
Receive and file the Reports on Reimbursable Activities for the period of November 3-23, 2010.

A.4 APPROVAL OF CHECK REGISTER FOR SEPTEMBER, 2010 (Report of: Financial & Administrative Services Department)

Recommendation:
Adopt Resolution No. 2010-102, approving the Check Register for the month of September, 2010 in the amount of \$10,389,935.29.

Resolution No. 2010-102

A Resolution of the City Council of the City of Moreno Valley, California, approving the Check Register for the Month of September, 2010.

A.5 APPROVAL OF GRANT APPLICATION SUBMITTALS FOR THE HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP) (Report of: Public Works Department)

Recommendation:
Approve the submittal of grant applications for the Highway Safety Improvement Program (HSIP).

MINUTES
November 30, 2010

A.6 APPROVE AGREEMENT WITH THE CITY OF RIVERSIDE FOR ALESSANDRO BOULEVARD MULTI-JURISDICTION TRAFFIC SIGNAL COORDINATION AND SYNCHRONIZATION PROJECT AND MEMORANDUM OF UNDERSTANDING WITH THE CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS) FOR A VIDEO INFORMATION DISTRIBUTION SYSTEM (Report of: Public Works Department)

Recommendation:

1. Approve the Agreement for Alessandro Boulevard Multi-Jurisdiction Traffic Signal Coordination and Synchronization Project between the City of Moreno Valley and the City of Riverside;
2. Approve payment in the amount of \$125,000 to the City of Riverside for the City's share of the project costs;
3. Approve the Memorandum of Understanding (MOU) Video Information Distribution System Agreement between the City of Moreno Valley and the California Department of Transportation (Caltrans), District 8;
4. Authorize the Mayor to execute the Agreement for the Alessandro Boulevard Multi-Jurisdiction Traffic Signal Synchronization Project and the MOU for a Video Information Distribution System on behalf of the City; and
5. Authorize the City Manager to execute any subsequent amendments to the Agreement for the Alessandro Boulevard Multi-Jurisdiction Traffic Signal Synchronization Project and the MOU for a Video Information Distribution System on behalf of the City.

A.7 RECEIPT OF QUARTERLY INVESTMENT REPORT – QUARTER ENDED SEPTEMBER 30, 2010 (Report of: Financial & Administrative Services Department)

Recommendation:

Receive and file the Quarterly Investment Report, in compliance with the City's Investment Policy.

A.8 PERMIT PARKING FOR THE RESIDENTS OF CLYDESDALE LANE, GELDING WAY, QUARTER HORSE ROAD, MARE LANE, AND HACKNEY COURT (Report of: Public Works Department)

MINUTES
November 30, 2010

Recommendation:

Approve and adopt Resolution No. 2010-103 and direct staff to implement permit parking on Clydesdale Lane, Gelding Way, Quarter Horse Road, Mare Lane, and Hackney Court.

Resolution No. 2010-103

A Resolution of the City Council of the City of Moreno Valley, California, Approving and Authorizing Installation of Permit Parking on Clydesdale Lane, Gelding Way, Quarter Horse Road, Mare Lane, and Hackney Court

- A.9 PROJECT PA96-0017 (Tracts 27251 and 27251-1) – SINGLE FAMILY RESIDENTIAL – ACCEPT SUBSTITUTION AGREEMENT AND LETTERS OF CREDIT FOR PUBLIC IMPROVEMENTS. EAST SIDE OF MORRISON STREET BETWEEN FIR AVENUE AND EUCALYPTUS AVENUE; DEVELOPER - RSI MORENO VALLEY, LLC, NEWPORT, CA 92660. (Report of: Public Works Department)

Recommendation:

1. Accept the substitution of Agreement for Public Improvements and letters of credit for project PA96-0017 (Tracts 27251 and 27251-1);
2. Authorize the Mayor to execute the agreement;
3. Direct the City Clerk to forward the signed agreement to the County Recorder's Office for recordation; and
4. Authorize the Public Works Director/City Engineer to exonerate the Faithful Performance Bond and Material and Labor Bond previously submitted by Richland Palmdale Developers, LLC a Delaware limited liability company upon acceptance of the substitution agreement and bonds.

- A.10 AGREEMENT FOR THE MAINTENANCE AND OPERATION OF TRAFFIC SIGNALS AND HIGHWAY SAFETY LIGHTING SHARED BETWEEN THE CITIES OF RIVERSIDE AND MORENO VALLEY (Report of: Public Works Department)

Recommendation:

1. Enter into an agreement with the City of Riverside for the maintenance and operation of traffic signals and highway safety lighting jointly owned by the cities of Riverside and Moreno Valley; and

MINUTES
November 30, 2010

2. Authorize the Mayor to execute said "Agreement" with the City of Riverside for the maintenance of traffic signals and highway safety lighting jointly owned by the cities of Riverside and Moreno Valley.

B. CONSENT CALENDAR-COMMUNITY SERVICES DISTRICT

- B.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

- B.2 MINUTES - REGULAR MEETING OF NOVEMBER 9, 2010 (Report of: City Clerk's Department)

Recommendation:

Approve as submitted.

C. CONSENT CALENDAR - COMMUNITY REDEVELOPMENT AGENCY

- C.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

- C.2 MINUTES - REGULAR MEETING OF NOVEMBER 9, 2010 (Report of: City Clerk's Department)

Recommendation:

Approve as submitted.

D. CONSENT CALENDAR - BOARD OF LIBRARY TRUSTEES

- D.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

- D.2 MINUTES - REGULAR MEETING OF NOVEMBER 9, 2010 (Report of: City Clerk's Department)

Recommendation:

Approve as submitted.

Joint Consent Calendar Items A1 through D2 Approved by m/Council Member Richard A. Stewart, s/Council Member William H. Batey II Approved by a vote of 5-0.

MINUTES
November 30, 2010

E. PUBLIC HEARINGS

E.1 RESOLUTION TO ADOPT THE ADJUSTMENT OF PARKING CONTROL BAIL SCHEDULE (Report of: Community Development Department)

Recommendation: That the City Council:

Conduct a Public Hearing and Adopt Resolution No. 2010-104, approving an adjustment to the FY10/11 Fee Schedule.

Resolution No. 2010-104

A Resolution of the City Council of the City of Moreno Valley, California, Establishing Specified Fees for Parking Violations for Fiscal Year 2010-11 and Repealing Prior Resolutions that May be in Conflict

Mayor Flickinger opened the public testimony portion of the public hearing; there being none, public testimony was closed.

Motion to Approve by m/Mayor Pro Tem Robin N. Hastings, s/Council Member William H. Batey II
Approved by a vote of 5-0.

E.2 A PUBLIC HEARING ON A MUNICIPAL CODE AMENDMENT (PA10-0031) TO THE PERMITTED USES TABLE 9.02.020-1 IN TITLE 9 TO ALLOW PHARMACIES AS A SUPPORT USE TO A MEDICAL OFFICE IN THE BUSINESS PARK-MIXED USE (BPX) ZONE (Report of: Community Development Department)

Recommendation: That the City Council:

1. Conduct a Public Hearing for Municipal Code Amendment PA10-0031, and subsequent to the Public Hearing:

RECOGNIZE that application PA10-0031 (Municipal Code Amendment) will not have a significant effect on the environment and is therefore exempt from the provisions of the California Environmental Quality Act (CEQA), per CEQA Guidelines Section 15305, Minor Alterations to Land Use Limitations, as a Class 5 Categorical Exemption; and

2. INTRODUCE Ordinance No. 819 thereby APPROVING Municipal Code Amendment PA10-0031, based on the findings in the City Council Ordinance.

Ordinance No. 819

An Ordinance of the City Council of the City of Moreno Valley,

MINUTES
November 30, 2010

California, approving application PA10-0031 amending the Municipal Code to make changes to Permitted Uses Table 9.02.020-1 by adding the Pharmacy Land Use to the Business Park-Mixed Use (BPX) Zone

Mayor Flickinger opened the public testimony portion of the public hearing; there being none, public testimony was closed.

Motion to Approve by m/Council Member William H. Batey II, s/Mayor Pro Tem Robin N. Hastings
Approved by a vote of 5-0.

F. ITEMS REMOVED FROM CONSENT CALENDARS FOR DISCUSSION OR SEPARATE ACTION - none

G. REPORTS

G.1 APPOINTMENT TO THE PARKS AND RECREATION COMMISSION (TEENAGE MEMBER) (Report of: City Clerk's Department)

Recommendation: That the City Council:

1. Appoint Adam Ramirez to the Parks and Recreation Commission as a teenage member for a term expiring November 25, 2012, or until high school graduation, whichever comes first; or
2. If an appointment is not made, declare the position vacant and authorize the City Clerk to re-notice the position as vacant.

Mayor Flickinger opened the agenda item for public comments; there being none, public comments were closed.

Motion to appoint Adam Ramirez by m/Mayor Pro Tem Robin N. Hastings, s/Council Member Jesse L. Molina
Approved by a vote of 5-0.

G.2 A PROPOSED ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, ADDING CHAPTER 12.50 TO THE CITY OF MORENO VALLEY MUNICIPAL CODE, RELATING TO LIMITATIONS ON ENGINE IDLING (Report of: City Attorney)

Recommendation: That the City Council:
Review and Consider.

MINUTES
November 30, 2010

Ordinance No. 820

An Ordinance of the City Council of the City of Moreno Valley, California, Adding Chapter 12.50 to the City of Moreno Valley Municipal Code, Relating to Limitations on Engine Idling

Mayor Flickinger opened the agenda item for public comments; there being none, public comments were closed.

Motion to approve Ordinance No. 820 as amended (removed words "and the" before "cargo" in Section 12.50.040C) by m/Council Member William H. Batey II, s/Mayor Pro Tem Robin N. Hastings Approved by a vote of 5-0.

G.3 AWARD OF CONTRACTS TO TOWING COMPANIES TO PARTICIPATE IN A CITY-WIDE ROTATIONAL TOW SERVICE PROGRAM (Report of: City Manager's Office)

Mayor Flickinger opened the agenda item for public comments, which were received from Charlie Al-Badawi, Taz Al-Badawi, Brian Maldonado, Patrick Armstrong, Mike Blake, Steve Pulcheon, Deanna Reeder, and Glenn Tucker.

Recommendation: That the City Council:

1. Approve the proposals of the following tow operators/companies (in alphabetical order) to participate in the City's Rotational Tow Service (RTS) Program beginning January 1, 2011, and ending December 31, 2015, pending completion of certain conditions and authorize the City Manager to execute the appropriate agreements upon approval by the City Attorney:
 - a. Baldwin Towing Services
21891 Alessandro Boulevard
Owner: Howard Baldwin
 - b. Exclusive Recovery, Inc. (DBA: Exclusive Towing)
14461 & 14451 Commerce Center Way
Owner: Gerald Kohutek
 - c. Moreno Valley Tow
17007 Kitching Avenue
Owner: Glenn Tucker
 - d. Pepe's Towing
14351 Veterans Way
Owner: Manual Acosta

MINUTES
November 30, 2010

- e. Superior Towing, Inc.
24385 Nandina Avenue
Owners: Patrick and Dawn Kirk
- f. Valleywide Towing
24850 Rivard Road
Owner: Robert Coleman
- g. Yucaipa Towing
22101 Alessandro Boulevard
Owner: George and Yvonne Acosta

Motion to Approve staff recommendations with the compliance date for minor corrections of January 1, 2011 by m/Council Member William H. Batey II, s/Council Member Richard A. Stewart Approved by a vote of 5-0.

- 2. Discuss the proposals of the following tow operators/companies that currently do not have towing facility operations in Moreno Valley. In order to be eligible to participate in the City's RTS Program per Moreno Valley Municipal Code Chapter 12.14, these operators must complete certain site improvements and obtain certain City approvals. Staff estimates that the required review, plan check and approvals will require a minimum of 60 days and the construction time is unknown. Council may consider these proposals for a term beginning with the issuance of a Certificate of Occupancy by the City's Building Official and ending December 31, 2015:
 - a. Bob's Towing
24811 Rivard Road (proposed facility)
Owner: Bandar "Charlie" Al-Badawi
 - b. Lawler's Triple L Towing
24385 Nandina Avenue (proposed facility)
Owner: Mike Pulcheon

No action taken.

- 3. Direct Staff to begin preparing an amendment to Moreno Valley Municipal Code Chapter 12.14 addressing minor technical issues and inconsistencies.

Motion to bring the ordinance for review/amendment by m/Council Member Richard A. Stewart, s/Mayor Pro Tem Robin N. Hastings Approved by a vote of 5-0.

MINUTES
November 30, 2010

Motion to amend the previous motion to extend the compliance date for towing companies until January 31, 2011 by m/Council Member Richard A. Stewart, s/Council Member William H. Batey II
Approved by a vote of 5-0.

- G.4 PALM DESERT DEVELOPMENT COMPANY'S RANCHO DORADO APARTMENTS, PHASE II FINANCIAL ASSISTANCE REQUEST AND RESOLUTION FOR TAX CREDIT APPLICATION (Report of: Economic Development Department)

Recommendation: That the RDA:

Adopt Resolution No. RDA 2010-07, a resolution of the Community Redevelopment Agency of the City of Moreno Valley regarding assistance to the Rancho Dorado Apartments, Phase II, proposed by Palm Desert Development Company, Inc.

Resolution No. RDA 2010-07

A Resolution of the Community Redevelopment Agency of the City of Moreno Valley Supporting the Rancho Dorado South Apartments Housing Development, Ratifying Certain Findings and Determinations made under Resolution No. 2008-11 and Affirming its Intention to Provide Assistance to MV Rancho Dorado Limited Partnership, a Subsidiary of Palm Desert Development Company, Inc.

Mayor Flickinger opened the agenda item for public comments, which were received from Marcelo Co, Carlos Ramirez, Frank Wright, Deanna Reeder, Michael Geller and Thomas Jerele Sr.

Motion to Postpone the item by m/Agency Member Jesse L. Molina, s/Agency Member Richard A. Stewart
Motion failed by a vote of 2-3, Chairperson Bonnie Flickinger, Agency Member William H. Batey II, and Vice Chairperson Robin N. Hastings opposed.

Motion to Approve by m/Agency Member William H. Batey II, s/Vice Chairperson Robin N. Hastings
Approved by a vote of 3-0-2, Agency Member Richard A. Stewart, and Agency Member Jesse L. Molina abstained.

- G.5 CITY MANAGER'S REPORT (Informational Oral Presentation - not for Council action)
None

MINUTES
November 30, 2010

H. LEGISLATIVE ACTIONS

H.1 ORDINANCES - 1ST READING AND INTRODUCTION - NONE

H.2 ORDINANCES - 2ND READING AND ADOPTION - NONE

H.3 ORDINANCES - URGENCY ORDINANCES - NONE

H.4 RESOLUTIONS - NONE

PUBLIC COMMENTS ON ANY SUBJECT NOT ON THE AGENDA UNDER THE JURISDICTION OF THE CITY COUNCIL

Pam Lowell

1. Wished Mayor Flickinger the best. Thanked her for her dedication, loyalty, commitment and public service to the City

Tom Jerele Sr.

1. Thanked Mayor Flickinger for the good and effective service
2. Asked to televise study sessions

CLOSING COMMENTS AND/OR REPORTS OF THE CITY COUNCIL, COMMUNITY SERVICES DISTRICT, OR COMMUNITY REDEVELOPMENT AGENCY

Council Member Molina

1. Thanked Chief Curley and staff for the great job
2. Thanked Mayor Flickinger for the past service
3. Looking forward to the future; Moreno Valley has a lot potential and wants to see the City grow
4. Thanked fellow council members; encouraged citizens to attend council meetings to see what is going on
5. This coming year will be a challenging year

Council Member Stewart

1. Reminiscid about working with Mayor Flickinger on several projects overcoming obstacles and coming up with solutions; emphasized Mayor Flickinger's passion, love and dedication to her district and the City, her involvement in regional agencies representing the City. Thanked Mayor for handling citizens' complaints in his absence during her terms of office. Said that it was a real pleasure to serve with Mayor Flickinger

Mayor Pro Tem Hastings

1. Encouraged everyone to support Rancho Verde High School - for the first time they made CIF semi-finals and they are going to compete Friday

MINUTES
November 30, 2010

night; a terrific group of students and parents

2. Attended a military ball, representing the City - a wonderful event; a pleasure to be in the presence of men and women serving the country on a daily basis

3. Attended with Mayor Flickinger the Mistletoe Magic gala for the Festival of Trees to raise funds for neonatal intensive care unit at the Moreno Valley hospital; this year over \$250,000 was raised for the hospital and for premature babies. November 23 Council meeting was rescheduled to November 30 to allow participation in this event

4. In the Inland Empire, Moreno Valley has the most potential and it is poised for a great future; stated that we are losing a part of our bright future - Mayor Flickinger; it has been an honor and privilege to work with Mayor; stated she will miss her tremendously

Council Member Batey

1. Attended Joint Powers Quality Assurance meeting; a presentation by Joint Powers Authority will be given for the council regarding zoning

2. Was elected vice chair to the Riverside County Habitat Conservation Agency for the next year

3. It was an honor to work with Mayor Flickinger; stated that the City is losing a very good advocate on a regional level; Mayor Flickinger always did a good job for the City; it was an honor and pleasure to serve with her

Mayor Flickinger

1. Stated that this is her last regular council meeting she will participate from beginning to end and she will be leaving the office with an attitude of gratitude; thanked friends, constituents for electing her and for giving her the opportunity to solve problems for them, thanked the competent and accommodating city staff who always came through to provide what is needed to accommodate constituents; thanked all for creating great memories and enormous satisfaction for her while together improving the community, its infrastructure and quality of life, from converting the weed-infested aqueduct to a paved bikeway and walkway, to completing Heacock and Alessandro and Kitching and Alessandro streets, building Patriot Park, upgrading street lights at Warren Ranch, installing speed humps on residential street, creating March Joint Powers Authority and creating many family-supporting jobs; thanked Council Member Batey and Mayor Pro Tem Hastings for being great friends and support; thanked for opportunities provided to her in her life. Will leave the office with a heart full of joy and a mind full of beautiful memories

There being no further business to conduct, the meeting was adjourned to Closed Session at 9:35 p.m. by unanimous informal consent.

MINUTES
November 30, 2010

CLOSED SESSION

The Closed Session was held in the City Manager's Conference Room pursuant to Government Code:

- 1 SECTION 54956.9(b)(1) - CONFERENCE WITH LEGAL COUNSEL - SIGNIFICANT EXPOSURE TO LITIGATION

Number of Cases: 2

- 2 SECTION 54956.9(c) - CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION

Number of Cases: 2

- 3 SECTION 54957 - PUBLIC EMPLOYMENT

a) Public Employee Annual Performance Evaluation - City Attorney

- 4 SECTION 54957 - PUBLIC EMPLOYEE APPOINTMENT/PUBLIC EMPLOYMENT

a) City Manager Recruitment

REPORT OF ACTION FROM CLOSED SESSION, IF ANY, BY CITY ATTORNEY

None

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 10:06 p.m. by unanimous informal consent.

Submitted by:

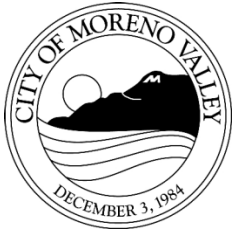
Jane Halstead, City Clerk, CMC
Secretary, Moreno Valley Community Services District
Secretary, Community Redevelopment Agency of the City of Moreno Valley
Secretary, Board of Library Trustees

Approved by:

Bonnie Flickinger, Mayor
President, Moreno Valley Community Services District
Chairperson, Community Redevelopment Agency of the City of Moreno Valley
Chairperson, Board of Library Trustees

enl

This page intentionally left blank.



Report to City Council

TO: Mayor and City Council

FROM: Jane Halstead, City Clerk

AGENDA DATE: December 14, 2010

TITLE: CITY COUNCIL REPORTS ON REIMBURSABLE ACTIVITIES

RECOMMENDED ACTION

Staff recommends that the City Council receive and file the Reports on Reimbursable Activities for the period of November 24 – December 7, 2010.

<i>Reports on Reimbursable Activities</i> November 24 – December 7, 2010		
Council Member	Date	Meeting
William H. Batey II	12/4/10	Moreno Valley Hispanic Chamber of Commerce Installation Dinner
Bonnie Flickinger	11/22/10*	Riverside County Parking Fee – Grand Jury
	12/4/10	Moreno Valley Hispanic Chamber of Commerce Installation Dinner
Robin N. Hastings	12/4/10	Moreno Valley Hispanic Chamber of Commerce Installation Dinner
Jesse L. Molina	12/4/10	Moreno Valley Hispanic Chamber of Commerce Installation Dinner
Richard A. Stewart		None

*Reportable reimbursable activity prior to the period of November 24 – December 7, 2010.

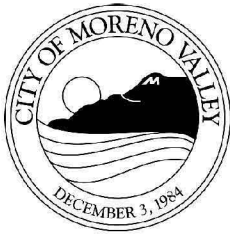
Prepared By:
Cindy Miller
Executive Assistant to the Mayor/City Council

Department Head Approval:
Jane Halstead
City Clerk

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

\\Zurich\shared\InterDept\Council-Clerk\City Clerk Files\Council Office\AB 1234 Reports\2010\121410.doc

This page intentionally left blank.



APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>[Signature]</i>
CITY MANAGER	<i>WDB</i>

Report to City Council

TO: Mayor and City Council

FROM: Steve Curley, Fire Chief

AGENDA DATE: December 14, 2010

TITLE: ACCEPTANCE OF FY10 EMERGENCY OPERATIONS CENTER GRANT FUNDS

RECOMMENDED ACTION

Staff recommends that the City Council take the following actions:

1. Authorize the acceptance of the FY10 Emergency Operations Center Grant in the amount of \$400,000; establish fund 240.24010 for expenditures related to the grant; establish revenue account 00240.2400.4610.1 for grant reimbursement of operating expenditures; and establish revenue account 00240.2400.4610.2 for reimbursement of capital expenditures.
2. Approve the expenditure of the FY10 Emergency Operations Center Grant for the Generator Project, EOC Workstation/Peripheral Project, GIS Equipment Project, Traffic Management Display Wall Project, and WebEOC/Security Display Project.

ADVISORY BOARD/COMMISSION RECOMMENDATION

The Public Safety Sub-Committee supports this proposal.

BACKGROUND

Early 2009, the City Manager's Office requested earmark funding from Congresswoman Mary Bono Mack's office to assist with equipping our new Emergency Operations Center (EOC). As a part of the Federal budget process, a \$400,000 earmark was approved to be allocated to and managed by the FY10 Emergency Operations Center

Grant process for the City of Moreno Valley. The requested funds would enable the City to enhance our Emergency Operations Center and response capabilities.

DISCUSSION

The Emergency Operations Center Grant is a grant program authorized by section 614 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. §5196c) as amended by the Implementing Recommendations of the 9/11 Commission Act of 2007 (Public Law 110-53). Funds for the FY10 EOC Grant Program are appropriated under the Department of Homeland Security Appropriations Act, 2010 (Public Law 111-83). These funds are granted to the State, which in turn, subgrants to the local jurisdictions. The City of Moreno Valley is a subgrantee.

This grant will enable the City to complete several proposed EOC equipment projects. They are:

1. Generator Project – This project will fund a generator adjacent to the EOC in front of the Conference and Recreation Center and will cost approximately \$245,000.
2. EOC Workstation/Peripheral Project – This project will provide additional EOC computer equipment and peripherals to accommodate for EOC positions that currently do not have equipment and will cost approximately \$54,000.
3. GIS Equipment Project – This project will replace non-working GIS equipment for the EOC to allow for mapping of emergency incidents, hazards, evacuations and emergency shelters and will cost approximately \$39,000.
4. Traffic Management Display Wall Project – This project will provide equipment and software for the planned Traffic Management Center in the EOC to enable staff to monitor and manage traffic within Moreno Valley, as well as to share and monitor information in surrounding areas and will cost approximately \$141,000.
5. WebEOC/Security Display Project – This project will provide equipment to monitor numerous WebEOC status boards and security cameras and will cost approximately \$54,000.

ALTERNATIVES

1. Authorize the acceptance of the FY10 Emergency Operations Center Grant in the amount of \$400,000; establish fund 240.24010 for expenditures related to the grant; establish revenue account 00240.2400.4610.1 for grant reimbursement of operating expenditures; establish revenue account 00240.2400.4261.2 for reimbursement of capital expenditures; and approve the expenditure of the FY10 Emergency Operations Center Grant for the Generator Project, EOC Workstation/Peripheral Project, GIS Equipment Project, Traffic Management

Display Wall Project, and WebEOC/Security Display Project. *Staff recommends this alternative as the City has been preapproved for the projects and funding by State and Federal representatives.*

2. Do not authorize the acceptance of the FY10 Emergency Operations Center Grant in the amount of \$400,000; do not establish fund 240.24010 for expenditures related to the grant; do not establish revenue account 00240.2400.4610.1 for grant reimbursement of operating expenditures; do not establish revenue account 00240.2400.4610.2 for reimbursement of capital expenditures; and do not approve the expenditure of the FY10 Emergency Operations Center Grant for the Generator Project, EOC Workstation/Peripheral Project, GIS Equipment Project, Traffic Management Display Wall Project, and WebEOC/Security Display Project. *Staff does not recommend this alternative as the City has been preapproved for the projects and funding by State and Federal representatives and Staff would require direction from Council on how to proceed with the grant.*

FISCAL IMPACT

The FY10 Emergency Operations Center Grant requires the City to provide either match funds or in kind services that total \$133,333. A cash match in the amount of \$33,000 will be utilized from funds allocated in FY 2010/11 budget for the Generator project. An in-kind match of \$100,333 will be utilized from qualified emergency management salaries over the grant award period, which is June 1, 2010 to May 31, 2013.

<u>Description</u>	<u>Amount:</u>
Establish Fund 240.24010 for grant	\$400,000
City In-kind match	\$100,333
City cash match allocated from fund 754.75424.6641.648	\$33,000

CITY COUNCIL GOALS

Public Safety:

Provide a safe and secure environment for people and property in the community, control the number and severity of fire and hazardous material incidents, and provide protection for citizens who live, work and visit the City of Moreno Valley.

NOTIFICATION

Publication of the Council Agenda.

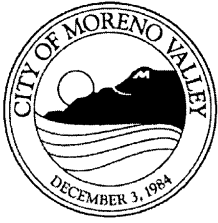
ATTACHMENTS/EXHIBITS

N/A

Prepared By:
LeAnn M. Coletta, CEM
Office of Emergency Mgmt & Vol Svcs Prog Mgr

Department Head Approval:
Steve Curley
Fire Chief

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:



APPROVALS	
BUDGET OFFICER	<i>Caf</i>
CITY ATTORNEY	<i>Rich</i>
CITY MANAGER	<i>WDB</i>

Report to City Council

TO: Mayor and City Council

FROM: Chris A. Vogt, P.E., Public Works Director/City Engineer

AGENDA DATE: December 14, 2010

TITLE: National Pollutant Discharge Elimination System Urban Runoff Discharge Permit Implementation Agreement for Santa Ana Region

RECOMMENDED ACTION

Staff recommends that the City Council:

1. Approve the National Pollutant Discharge Elimination System (NPDES) Urban Runoff Discharge Permit Implementation Agreement for the Santa Ana Region.
2. Authorize the Mayor to execute said agreement.
3. Direct the City Clerk to attest to said approval.
4. Direct the City Clerk to transmit said agreement to the Riverside County Flood Control and Water Conservation District.

ADVISORY BOARD/COMMISSION RECOMMENDATION

Not Applicable

BACKGROUND

The NPDES program requires the City of Moreno Valley to obtain a permit from the Santa Ana Regional Water Quality Control Board (SARWQCB) to release storm water into various drainage channels and washes throughout our community. Our permit

requires us to implement practices within our community, which reduce pollutants entering our stream channels. Among those practices are; public education, spill prevention and cleanup programs, illegal dumping controls, illicit storm drain connection controls, storm drain inspections, street sweeping and street and storm drain maintenance. Failure by the City to enforce and abide by the NPDES Permit will result in penalties of up to \$37,500 per day and may include criminal penalties as well. This is a federally mandated program administered by the State of California.

The term of the implementation agreement closely follows the term of its respective NPDES Permit. In November 1991, the City Council approved the first Implementation Agreement for the NPDES program. On November 12, 1996, accompanied by a newly issued NPDES Permit the City Council approved the second Implementation Agreement. On May 23, 2003, the City Council approved a third Implementation Agreement associated with the 2002 NPDES Permit. On January 29, 2010, the SARWQCB issued the current NPDES Permit requiring a fourth Implementation Agreement.

The NPDES Management Steering Committee (MSC) reviewed and recommended changes to the draft agreement on May 20, 2010. On October 21, 2010, the MSC reviewed the final agreement and had no further comments.

DISCUSSION

The Implementation Agreement is a necessary item of the NPDES Permit. The Implementation Agreement establishes the responsibilities of each involved co-permittee concerning compliance with said permit. It identifies how the City of Moreno Valley as a co-permittee of the NPDES Permit shall comply with the specified permit activities and requirements; i.e., timely implementation of management plans and programs, providing information and submitting reports to the reviewing agencies, etc.

This agreement also specifies how the costs will be shared among the co-permittees for consultant services to prepare manuals, develop programs and perform studies. The MSC agreed that the ceiling of shared costs is not to exceed \$1,000,000.00 annually. The formula to share these costs, as in past agreements, is the same. The permittee will pay 50 percent and the remaining fifty-percent will be divided among the co-permittees as a function of population within the permit area.

Three newly incorporated cities, Wildomar, Menifee and Eastvale have been added as parties to the new agreement.

ALTERNATIVES

1. Approve the Implementation Agreement, authorize the Mayor to execute said agreement, direct the City Clerk to attest to said approval and direct the City

Clerk to transmit the agreement to the Riverside County Flood Control and Water Conservation District. Approval of this alternative allows the City to remain in compliance with the current NPDES Permit and share program costs.

2. Do not approve the Implementation Agreement, authorize the Mayor to execute said agreement, direct the City Clerk to attest to said approval and direct the City Clerk to transmit the agreement to the Riverside County Flood Control and Water Conservation District. Approval of this alternative places the City at risk of non-compliance with the NPDES Permit terms. *This action will not allow the City to benefit from shared costs for program implementation.*

FISCAL IMPACT

Approval of Alternative One allows for future payments to the Riverside County Flood Control and Water Conservation District for shared program costs. For Fiscal Year 2010/2011, \$27,000 is budgeted for this work.

Approval of Alternative Two will require the City to amend the current operating budget to cover increased program costs.

CITY COUNCIL GOALS

This action furthers City Council goals by:

- Revenue Diversification and Preservation—It provides additional fiscal resources to implement unfunded state and Federal mandates.
- Public Safety—It provides for enhancement of water quality and control of wastes.

SUMMARY

The recently adopted NPDES Permit for the Santa Ana Region requires the co-permittees to execute a revised Implementation Agreement. The Implementation Agreement establishes the responsibility of each involved co-permittee concerning compliance with the NPDES Permit. The agreement also specifies how the costs will be shared among the co-permittees for consultant services that may be required to implement various provisions of the permit. Failure by the City to approve the revised agreement will place the City at risk of non-compliance with the NPDES Permit terms as well as increase projected program costs.

NOTIFICATION

Publication of Agenda

ATTACHMENTS/EXHIBITS

Attachment 1--National Pollutant Discharge Elimination System (NPDES) Urban Runoff Discharge Permit Implementation Agreement for the Santa Ana Region (w/o Exhibit A— 2010 NPDES Permit No. R8-2010-033).


 Prepared By
 Kent Wegelin
 Storm Water Program Manager


 Department Head Approval
 Chris A. Vogt, P.E.
 Public Works Director/City Engineer


 Concurred By
 Mark W. Sambito, P.E.
 Engineering Division Manager

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

\\c:\wpa\idm\m\m\c\m\2010\03\Final_Reports\Final_NPDES_ImplementationAgmt2010rev1.doc

AGREEMENT

National Pollutant Discharge Elimination System
Urban Runoff Discharge Permit
Implementation Agreement
Santa Ana Region
(Santa Ana Drainage Area)

This Agreement, entered into as of this _____ day of _____, 2010 by the RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT (herein called DISTRICT), the COUNTY OF RIVERSIDE (herein called COUNTY), and the CITIES OF BEAUMONT, CALIMESA, CANYON LAKE, CORONA, EASTVALE, HEMET, LAKE ELSINORE, MENIFEE, MORENO VALLEY, MURRIETA, NORCO, PERRIS, RIVERSIDE, SAN JACINTO and WILDOMAR, (herein called CITIES), establishes the responsibilities of each party concerning compliance with the National Pollutant Discharge Elimination System (NPDES) Urban Runoff Discharge Permit (NPDES Permit) issued by the California Regional Water Quality Control Board - Santa Ana Region pursuant to Order No. R8-2010-0033. This Agreement effectively terminates the Implementation Agreement adopted on December 16, 2003.

RECITALS

WHEREAS, in 1987 Congress added Section 402(p) to the Federal Clean Water Act (CWA) (33 U.S.C. §1342(p)); and

WHEREAS, Section 402(p) of the CWA requires certain municipalities, industrial facilities and persons conducting certain construction activities to obtain an NPDES Permit before discharging stormwater into navigable waters; and

WHEREAS, Section 402(p) further requires the Federal Environmental Protection Agency (EPA) to promulgate regulations for NPDES Permit applications; and

Attachment 1

WHEREAS, EPA adopted such regulations in November 1990; and

WHEREAS, EPA delegated authority to the California Regional Water Quality Control Board-Santa Ana Region (RWQCB-SAR) to administer the NPDES permitting process within the boundaries of that region; and

WHEREAS, DISTRICT was created to provide for the control of flood and stormwaters within the County of Riverside and is empowered to investigate, examine, measure, analyze, study and inspect matters pertaining to flood and stormwaters; and

WHEREAS, the COUNTY and CITIES have land use authorities and own and operate Municipal Separate Storm Sewer System (MS4) facilities; and

WHEREAS, on August 30, 2000 DISTRICT, COUNTY and CITIES submitted an NPDES Permit Application for an area-wide NPDES Permit; and

WHEREAS, the NPDES Permit Application was submitted in accordance with the previous NPDES Permit (Order No. 96-30, NPDES No. CA 618033) which expired on March 8, 2001; and

WHEREAS, RWQCB-SAR issued a NPDES Permit to DISTRICT, COUNTY and CITIES on October 25, 2002; and

WHEREAS, on April 27, 2007 DISTRICT, COUNTY and CITIES submitted an NPDES Permit Application for an area-wide NPDES Permit; and

WHEREAS, the NPDES Permit Application was submitted in accordance with the previous NPDES Permit (Order No. R8-2002-0011, NPDES No. CA 618033) which expired on October 26, 2007; and

WHEREAS, RWQCB-SAR issued a new NPDES Permit to DISTRICT, COUNTY and CITIES on January 29, 2010; and

WHEREAS, the NPDES Permit governing municipal stormwater discharges meets both the requirements of Section 402(p)(3)(B) of the CWA and all requirements applicable to an NPDES Permit issued under RWQCB-SARs discretionary authority in accordance with Section 402(a)(1)(B) of the CWA; and

WHEREAS, the NPDES Permit designates DISTRICT as the "Principal Permittee", and COUNTY and CITIES as "Co-Permittees"; and

WHEREAS, cooperation between DISTRICT, COUNTY and CITIES in the administration and implementation of the NPDES Permit is in the best interests of DISTRICT, COUNTY and CITIES; and

WHEREAS, DISTRICT is willing to share the expertise of its staff with COUNTY and CITIES so that they can join in implementing the requirements of the NPDES Permit; and

WHEREAS, the RWQCB-SAR and the RWQCB-San Diego Region are currently contemplating amendments to Order No. R8-2010-0033 and pending Order No. R9-2010-0016 that would effectively allow MURRIETA and WILDOMAR to be wholly regulated under Order No. R9-2010-0016 and MENIFEE to be wholly regulated under Order No. R8-2010-0033; and

WHEREAS, MURRIETA and WILDOMAR would be subject to the LAKE ELSINORE/CANYON LAKE NUTRIENT TMDL, independent of Order No. R8-2010-0033, and therefore may be interested in participating in joint programs developed under this Agreement to address the LAKE ELSINORE/CANYON LAKE NUTRIENT TMDL; and

WHEREAS, DISTRICT, COUNTY and CITIES are to perform certain activities prescribed in the NPDES Permit and related to management of the NPDES Permit compliance

program that will benefit all parties.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. Incorporation of the NPDES Permit. The NPDES Permit issued to DISTRICT, COUNTY and CITIES by RWQCB-SAR pursuant to Order No. R8-2010-0033 is attached to this Agreement as EXHIBIT A and is hereby incorporated by reference in its entirety and made a part of this Agreement.

2. Delegation of Responsibilities. The responsibilities of each of the parties shall be as described in the NPDES Permit and reiterated as follows:

a. DISTRICT shall assume the responsibilities and meet the requirements of the NPDES Permit by complying with Section III.A (RESPONSIBILITIES OF THE PRINCIPAL PERMITTEE) and:

(1) Performing or coordinating all the joint sampling data collection and assessment requirements described in the NPDES Permit MONITORING AND REPORTING PROGRAM.

(2) Performing all of the joint reporting requirements described in the NPDES Permit MONITORING AND REPORTING PROGRAM. With respect to such joint reporting requirements, the DISTRICT shall specifically:

(a) Prepare the required narrative for all joint reports; and

(b) Provide COUNTY and CITIES an opportunity to review and comment on any such narrative.

The cost for implementing the requirements of the joint activities shall be jointly funded as shared costs as described in paragraphs 3 and 4 of

this Agreement.

b. DISTRICT, at no cost to COUNTY and CITIES, shall assume the responsibilities and meet the requirements of the NPDES Permit by:

- (1) Complying with Section III.A (RESPONSIBILITIES OF THE PRINCIPAL PERMITTEE).
- (2) Complying with Sections IV (LOCAL IMPLEMENTATION PLAN), V (DISCHARGE PROHIBITIONS), VI (EFFLUENT LIMITATIONS, DISCHARGE SPECIFICATIONS AND OTHER TMDL RELATED REQUIREMENTS), VII (RECEIVING WATER LIMITATIONS), VIII (LEGAL AUTHORITY/ENFORCEMENT), IX (ILLICIT CONNECTIONS/ILLEGAL DISCHARGES (IC/ID); LITTER, DEBRIS AND TRASH CONTROL), X (SEWAGE SPILLS, INFILTRATION INTO THE MS4 SYSTEMS FROM LEAKING SANITARY SEWER LINES, SEPTIC SYSTEM FAILURES, AND PORTABLE TOILET DISCHARGES), XII (NEW DEVELOPMENT (INCLUDING SIGNIFICANT REDEVELOPMENT)), XIII (PUBLIC EDUCATION AND OUTREACH), XIV (PERMITTEE FACILITIES AND ACTIVITIES), XV (TRAINING PROGRAM FOR STORMWATER MANAGERS, PLANNERS, INSPECTORS AND MUNICIPAL CONTRACTORS), XVI (NOTIFICATION REQUIREMENTS), XVII (PROGRAM MANAGEMENT

ASSESSMENT/DAMP REVIEW), XVIII (FISCAL RESOURCES), XIX (MONITORING AND REPORTING PROGRAM), XX (PROVISIONS), XXI (PERMIT MODIFICATION), XXII (PERMIT EXPIRATION AND RENEWAL) as they pertain to DISTRICT facilities and operations.

c. COUNTY and CITIES shall, at no cost to DISTRICT, assume the responsibilities and meet the requirements of the NPDES Permit for land area and facilities within their individual jurisdictions by:

- (1) Complying with Section III.B (RESPONSIBILITIES OF THE CO-PERMITTEES).
- (2) Complying with Sections IV (LOCAL IMPLEMENTATION PLAN), V (DISCHARGE PROHIBITIONS), VI (EFFLUENT LIMITATIONS, DISCHARGE SPECIFICATIONS AND OTHER TMDL RELATED REQUIREMENTS), VII (RECEIVING WATER LIMITATIONS), VIII (LEGAL AUTHORITY/ENFORCEMENT), IX (ILLICIT CONNECTIONS/ILLEGAL DISCHARGES (IC/ID); LITTER, DEBRIS AND TRASH CONTROL), X (SEWAGE SPILLS, INFILTRATION INTO THE MS4 SYSTEMS FROM LEAKING SANITARY SEWER LINES, SEPTIC SYSTEM FAILURES, AND PORTABLE TOILET DISCHARGES), XI (CO-PERMITTEE INSPECTION PROGRAMS), XII (NEW

DEVELOPMENT (INCLUDING SIGNIFICANT REDEVELOPMENT)), XIII (PUBLIC EDUCATION AND OUTREACH), XIV (PERMITTEE FACILITIES AND ACTIVITIES), XV (TRAINING PROGRAM FOR STORMWATER MANAGERS, PLANNERS, INSPECTORS AND MUNICIPAL CONTRACTORS), XVI (NOTIFICATION REQUIREMENTS), XVII (PROGRAM MANAGEMENT ASSESSMENT/DAMP REVIEW), XVIII (FISCAL RESOURCES), XIX (MONITORING AND REPORTING PROGRAM), XX (PROVISIONS), XXI (PERMIT MODIFICATION), XXII (PERMIT EXPIRATION AND RENEWAL) as they pertain to COUNTY and CITIES facilities and operations.

- (3) Demonstrating compliance with all NPDES Permit requirements through timely implementation of the approved Drainage Area Management Plan (DAMP) and any approved modifications, revisions, or amendments thereto.
- (4) Providing to DISTRICT (on DISTRICT approved forms) all information needed to satisfy the reporting requirements described in the NPDES Permit MONITORING AND REPORTING PROGRAM. The COUNTY and CITIES shall specifically:
 - (a) Provide information on existing stormwater facilities and/or other data as it pertains to COUNTY or CITIES facilities

when requested by DISTRICT.

- (b) Submit their individual reports to DISTRICT for incorporation into DISTRICT'S narrative no later than November 1 of each year.

3. Budgets. On or before January 15 of each year, the DISTRICT shall prepare and submit a budget for the next fiscal year to the Santa Ana/Santa Margarita Technical Advisory Committee (TAC). The budget shall include anticipated costs and fees for District services or consultant services to prepare manuals, develop programs, implement programs, engage legal counsel on behalf of the Permittees or perform studies relevant to the entire Permit Area. Once consensus has been reached amongst the TAC, the budget will be submitted to the Management Steering Committee.

4. Shared Costs. In the event DISTRICT requires the services of a consultant or consultants to prepare manuals, develop programs or perform studies relevant to the entire Permit Area, the cost of said consultant services will be shared by DISTRICT, COUNTY and CITIES. The shared costs shall be allocated as follows:

<u>Party</u>	<u>Percentage Contribution</u>
DISTRICT	50
COUNTY & CITIES	50

The individual percentage contribution from COUNTY and individual CITIES shall be a function of population within the Permit Area. More specifically, such contribution shall be calculated as the population of COUNTY or individual CITIES, divided by the total population of all the Co-Permittees multiplied by 50, i.e.,:

$$\begin{aligned} \text{Contribution (\%)} &= 50(x_n/x_{tot}) \\ X_n &= \text{population of COUNTY or individual CITIES} \\ X_{tot} &= \text{total population of COUNTY and CITIES in the} \\ &\quad \text{Santa Ana Region} \\ 50 &= \text{total percentage excluding DISTRICT portion} \end{aligned}$$

The population of COUNTY and CITIES will be based on the latest California State Department of Finance population figures issued in May of each year.

The total shared cost of consultant services shall not exceed \$1,000,000.00 annually.

COUNTY and CITIES shall be notified of DISTRICT'S request for proposals from consultants, selection of a consultant, consultant's fee, and contract timetable and payment schedule through the TAC.

COUNTY and CITIES shall pay to DISTRICT their share of the shared costs within 60 calendar days of receipt of an invoice from DISTRICT.

In the event that a subset of the COUNTY or CITIES require the services of a consultant or consultants to prepare manuals, develop programs, implement programs, engage legal counsel, perform studies or any work to satisfy sub-regional permit requirements, the costs of said consultant services shall be shared by the involved parties, in such a manner as approved by the involved parties. The involved parties may utilize this Agreement to hire a consultant. Tasks performed consistent to this paragraph shall not be subject to the total shared cost limit of \$1,000,000 for area-wide programs.

5. Term of the Agreement. The term of this Agreement shall commence on the date the last duly authorized representative of DISTRICT, COUNTY or CITIES executed it. The term of the Agreement shall continue to eighteen (18) months after the date that RWQCB-SAR issues a new NPDES Permit in replacement of the existing NPDES Permit (Order No. R8-2010-0033, NPDES No. CAS 618033) issued on January 29, 2010, unless each of the Co-Permittees either amends this agreement or withdraws in accordance with the terms of this Agreement.

6. Additional Parties. Any City which incorporates after the date of issuance

of the NPDES Permit and/or after the date of execution of this Agreement may file a written request with DISTRICT asking to be added as a party. Upon receipt of such a request, DISTRICT shall solicit the approval or denial of each Co-Permittee. If a majority of the Co-Permittees, each having one, co-equal vote, approves the addition of the City, DISTRICT, on behalf of the Co-Permittees, will ask RWQCB-SAR to add the City to the NPDES Permit as an additional Co-Permittee. Once the City is made an additional Co-Permittee to the NPDES Permit, this Agreement shall be amended to reflect the addition, and the City shall, thereafter, comply with all provisions of the NPDES Permit and this Agreement. Upon execution of the amended Agreement, the City shall be responsible for the shared costs discussed in Section 4 of this Agreement for the current and any subsequent budget year.

7. Withdrawal from the Agreement. Any party may withdraw from this Agreement 60 calendar days after giving written notice to DISTRICT and RWQCB-SAR. The withdrawing party shall agree in such notice to file for a separate NPDES Permit and to comply with all of the requirements established by RWQCB-SAR. In addition, withdrawal shall constitute forfeiture of all of the withdrawing party's share of the costs paid described in Section 4 of this Agreement for that fiscal year. The withdrawing party shall be responsible for all lawfully assessed penalties as a consequence of withdrawal. The cost allocations to the remaining parties will be recalculated in the following budget year.

8. Non-compliance with Permit Requirements. Any party found in non-compliance with the conditions of the NPDES Permit within its jurisdictional boundaries shall be solely liable for any lawfully assessed penalties. This Agreement is not intended to and does not create any joint and several liability of the parties for such penalties. Common or joint penalties shall be calculated and allocated between the parties according to the formula outlined in Section 4 of this Agreement.

9. Amendments to the Agreement. This Agreement may be amended by consent of the parties which represent a majority of the percentage contribution as described in Section 4 of this Agreement. Each party's vote shall be calculated according to the percentage contribution of each party as described in Section 4 of this Agreement. No amendment to this Agreement shall be effective unless it is in writing and signed by the duly authorized representatives of the majority of the parties.

10. Authorized Signatories. The General Manager-Chief Engineer of DISTRICT, the Chief Executive Officer of COUNTY and the City Managers of CITIES (or their designees) shall be authorized to execute all documents and take all other procedural steps necessary to file for and obtain an NPDES Permit(s) or amendments thereto.

11. Notices. All notices shall be deemed duly given when delivered by hand; or three (3) days after deposit in the U.S. Mail, postage prepaid.

12. Governing Law. This Agreement will be governed and construed in accordance with laws of the State of California. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired hereby.

13. Consent to Waiver and Breach. No term or provision hereof shall be deemed waived and no breach excused, unless the waiver or breach is consented to in writing, and signed by the party or parties affected. Consent by any party to a waiver or breach by any other party shall not constitute consent to any different or subsequent waiver or breach.

14. Applicability of Prior Agreements. This Agreement and the exhibits attached hereto constitute the entire Agreement between the parties with respect to the subject matter; all prior agreements, representations, statements, negotiations and undertakings are superseded hereby.

15. Execution in Counterparts. This Agreement may be executed and delivered in any number of counterparts or copies ("counterpart") by the parties hereto. When each party has signed and delivered at least one counterpart to the other parties hereto, each counterpart shall be deemed an original and, taken together, shall constitute one and the same Agreement, which shall be binding and effective as to the parties hereto.

//

//

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on

(to be filled in by Clerk of the Board)

RECOMMENDED FOR APPROVAL:

**RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT**

By _____
WARREN D. WILLIAMS
General Manager-Chief Engineer

By _____
MARION ASHLEY, Chairman
Riverside County Flood Control and
Water Conservation District
Board of Supervisors

APPROVED AS TO FORM:

ATTEST:

PAMELA J. WALLS
County Counsel

KECIA HARPER-IHEM
Clerk of the Board

By _____
DAVID H.K. HUFF
Deputy County Counsel

By _____
Deputy

(SEAL)

Agreement – National Pollutant Discharge Elimination System
Urban Runoff Discharge Permit Implementation Agreement –
Santa Ana Region

AM:cw

RECOMMENDED FOR APPROVAL:

COUNTY OF RIVERSIDE

By _____
BILL LUNA
Riverside County Executive Officer

By _____
MARION ASHLEY, Chairman
Riverside County Board of Supervisors

APPROVED AS TO FORM:

ATTEST:

PAMELA J. WALLS
County Counsel

KECIA HARPER-IHEM
Clerk of the Board

By _____
DAVID H.K. HUFF
Deputy County Counsel

By _____
Deputy

(SEAL)

APPROVED AS TO FORM:

CITY OF BEAUMONT

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF CALIMESA

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF CANYON LAKE

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF CORONA

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF EASTVALE

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF HEMET

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF LAKE ELSINORE

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MENIFEE

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MORENO VALLEY

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF MURRIETA

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF NORCO

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF PERRIS

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF RIVERSIDE

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF SAN JACINTO

By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)

APPROVED AS TO FORM:

CITY OF WILDOMAR

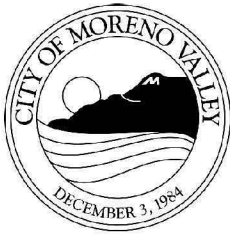
By _____
City Attorney

By _____
Mayor

ATTEST:

By _____
City Clerk

(SEAL)



APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>zt</i>
CITY MANAGER	<i>WBS</i>

Report to City Council

TO: Mayor and City Council

FROM: Richard Teichert, Financial & Administrative Services Director

AGENDA DATE: December 14, 2010

TITLE: Supplemental Law Enforcement Services Fund (SLESF) Expenditure Plan for FY 2010-11

RECOMMENDED ACTION

Staff recommends that the City Council:

1. Approve the attached Supplemental Law Enforcement Services Fund (SLESF) Expenditure Plan for FY 2010-11; and
2. Approve an increase of \$158,369 to the SLESF Grant Fund FY 2010-11 revenue budget (account 130.1300.4611) to reflect the FY 2010-11 allocation of \$258,369; and
3. Approve an increase of \$158,369 to the SLESF Grant Fund FY 2010-11 expenditure budget (account 130.62890.6251.252) to reflect the FY 2010-11 planned expenditure of \$258,369.

BACKGROUND

The Supplemental Law Enforcement Services Fund (SLESF) provides funds to support frontline law enforcement services. Senate Bill 823 amended the Government Code Sections 30061 and 30063 to require that "The city council shall appropriate existing and anticipated moneys exclusively to fund frontline municipal police services, in accordance with written requests submitted by the chief of police of that city or the chief administrator of the law enforcement agency that provides police services for that city." City Council's approval of the attached Supplemental Law Enforcement Services Fund (SLESF) Expenditure Plan for FY 2010-11 will meet this requirement.

DISCUSSION

The City of Moreno Valley utilizes the SLESF grant to fund up to one (1) Career Criminal Apprehension Team (CCAT) Officer and one (1) Sheriff Service Officer (SSO). The City's FY 2010-11 SLESF allocation is \$258,369. This year's allocation will fund approximately .90 CCAT Officer and one (1) SSO. The General Fund will fund the remaining .10 CCAT Officer in its Special Enforcement Team (SET) budget.

Funding for the above positions was included in the FY 2010-11 budget using estimates based on the prior year SLESF allocation. Now that the actual allocation is known, staff is requesting City Council to approve the expenditure plan and to adjust the FY 2010-11 SLESF budget.

ALTERNATIVES

1. Approve the attached Supplemental Law Enforcement Services Fund (SLESF) Expenditure Plan for FY 2010-11 and related budgetary adjustments. **Staff recommends this alternative.**
2. Do not approve the attached Supplemental Law Enforcement Services Fund (SLESF) Expenditure Plan for FY 2010-11 and related budgetary adjustments. **Staff does not recommend this alternative as it would jeopardize SLESF funding and impact law enforcement services.**

FISCAL IMPACT

The recommended adjustments will increase the SLESF budgeted revenues and expenditures by \$158,369 as identified in the following table.

	FY 2009-10 Adopted Budget	FY 2009-10 Adjusted Budget	Change Increase (Decrease)
SLESF Grant Fund			
Grant Revenue	\$100,000	\$258,369	\$158,369
Expenditures	\$100,000	\$258,369	\$158,369

CITY COUNCIL GOALS

Public Safety. Provide a safe and secure environment for people and property in the community, control the number and severity of fire and hazardous material incidents, and provide protection for citizens who live, work and visit the City of Moreno Valley.

SUMMARY

The California Government Code requires City Council's appropriation of Supplemental Law Enforcement Services Fund (SLESF) moneys for frontline municipal police services. Council's approval of the attached Supplemental Law Enforcement Services Fund Expenditure Plan for FY 2010-11 will meet this requirement. The budgetary adjustments being requested will increase to the current FY 2010-11 appropriations for both SLESF revenues and expenditures by \$158,369.

ATTACHMENTS/EXHIBITS

Supplemental Law Enforcement Services Fund (SLESF) Expenditure Plan 2010-11
SLESF Expenditure Plan Request/Processing letter from Riverside County Sheriff's Department

Prepared By:
Cynthia A. Fortune
Financial Operations Division Manager

Department Head Approval:
Richard Teichert
Financial & Administrative Services Director

Concurred By:
John Anderson
Chief of Police

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

This page intentionally left blank.

**Supplemental Law Enforcement Services Fund
Expenditure Plan
FY 2010-2011**

City: City of Moreno Valley

Beginning Fund Balance 0.00

current Year Allocation 258,368.92

Expenditure Planned

Salaries and Benefits 258,368.92

Services and Supplies 0.00

Equipment 0.00

Administrative Overhead 0.00

Total Planned Expenditures 258,368.92

Date approved by the City Council : December 14, 2010

The City Manager hereby certifies that the Supplemental Law Enforcement Services Plan was submitted to the City Council and approved as listed.

William Bopf
City Manager

12/15/2010
Date

Please provide the name of a contact person if there are any questions:

Dawn Jorge, Fin. Ops
Name

951-413-3063
Contact Number

This page intentionally left blank.



November 10, 2010

Mr. William L. Bopf
Manager (Interim)
City of Moreno Valley
P.O. Box 88005
Moreno Valley, CA 92552

Dear Mr. Bopf,

The Supplemental Law Enforcement Services Fund (SLESF) provides money to support front line law enforcement services. In April 2002, Senate Bill 823 amended the Government Code Sections 30061 and 30063 to require that, "The city council shall appropriate existing and anticipated moneys exclusively to fund frontline municipal police services, in accordance with written requests submitted by the chief of police of that city or the chief administrator of the enforcement agency that provides police services for that city."

Please submit your city expenditure plan for the FY 2010-2011 allocation as requested. The expenditure form is attached. Your allocation is \$258,368.92. The request to the city council should specify the personnel, equipment, and programs necessary to meet the city's needs. The council, at a public meeting, considers the request and determines the allocation of funds.

Once your city council has approved your local expenditure plan, please submit a copy to the Riverside County Sheriff's Department. The Sheriff chairs the Supplemental Law Enforcement Oversight Committee. This Committee must certify receipt and approval of the plan before the County Auditor/Controller can request approval from the Board of Supervisors to release the funds in quarterly increments.

Please submit your expenditure plan by December 15, 2010. You may email the completed plan to Stran@Riversidesheriff.org or fax it to the Specialized Accounting Unit at 951-955-2720. If you have any questions, please contact Sokun Tran at 951-955-9848. Thank you for your assistance.

Sincerely,

STANLEY L. SNIFF, SHERIFF-CORONER

A handwritten signature in blue ink, appearing to read "Lee Wagner".

Lee Wagner, Assistant Sheriff

cc: Chief of Police John Anderson

Attachment

This page intentionally left blank.

ORDINANCE NO. 817

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, AMENDING TITLE 9 OF THE CITY OF MORENO VALLEY MUNICIPAL CODE REGARDING SECTIONS 9.09.130 SECOND UNIT, 9.09.120 GRANNY UNIT, 9.16.010 DESIGN GUIDELINES, 9.16.130 SINGLE FAMILY DESIGN GUIDELINES AND 9.17, LANDSCAPE REQUIREMENTS AND LANDSCAPE STANDARDS

The City Council of the City of Moreno Valley does ordain as follows:

SECTION 1. FINDINGS:

1.1 All prior enactments of the City, which are in conflict with the Ordinance, are hereby repealed, effective upon the date which this Ordinance becomes effective and operative.

SECTION 2 FINDINGS:

2.1 With respect to the proposed Municipal Code Amendment, and based upon substantial evidence presented to the City Council during the public hearing on November 9, 2010, including written and oral staff reports, and the record from the public hearing, the City Council hereby specifically finds as follows:

1. Conformance with General Plan – The proposed amendment is consistent with the General Plan and its goals, objectives, policies and programs.

FACT: The project proposes changes to chapters 9.09.130, 9.16.010, 9.16.130, 9.17 and 9.17.070 of the City of Moreno Valley Municipal Code, the elimination 9.09.120 Granny Unit section and minor changes to the section numbering of 9.17. The proposed amendment is consistent with the General Plan and its goals, objectives, policies and programs.

2. Health, Safety and Welfare – The proposed amendment will not adversely affect the public health, safety or general welfare.

FACT: The proposed changes do not have the potential of adversely affecting the public health, safety or welfare of the residents of City of Moreno Valley or surrounding jurisdictions. As a minor alteration to land use limitations, the Municipal Code Amendment is determined to be exempt under California Environmental Quality Act Guidelines, per section 15305, as a Class 5 Categorical Exemption. No land use changes on specific parcels of land are included in the proposed Municipal Code Amendment.

3. Conformance with Intent of Zoning Regulations – The proposed amendment is consistent with the purposes and intent of Title 9 of the Municipal Code.

FACT: The proposed amendment meets all applicable Municipal Code requirements. As proposed, the amendment is consistent with the purposes and intent of Title 9.

SECTION 3 MUNICIPAL CODE AMENDMENT:

3.1 Title 9 of the City of Moreno Valley Municipal Code is hereby revised as follows:

3.2 Section 9.09.120 of Chapter 9.09 of the City of Moreno Valley Municipal Code is hereby amended with the following:

This section, 9.09.120 Granny Unit shall be removed from the City of Moreno Valley Municipal Code.

3.3 Section 9.09.130 C of Chapter 9.09 of the City of Moreno Valley Municipal Code is hereby amended to read as follows:

“Section 9.09.130 (C)

C. Property Development Standards. The following standards shall apply to all second dwelling units:

1. No more than one second unit or other type of accessory dwelling unit shall be permitted per lot;

2. The lot must contain one, but no more than one existing dwelling unit;

3. The minimum lot size for a parcel to be eligible for a second dwelling unit shall be seventy two hundred (7200) square feet;

4. The minimum square footage of a second dwelling unit shall be 450 square feet. The maximum square footage of a second dwelling unit shall be no greater than 1,250 square feet, except when the primary dwelling unit is 1,250 square feet or smaller. In that case, the second unit may exceed 1,250 square feet subject to the minimum development standards for the zoning district.

5. The unit shall be subject to the same minimum development standards as the main building on the parcel including building setbacks;

6. The second unit shall be compatible with the main dwelling unit in architecture, mass and scale;

7. The second dwelling unit shall provide a minimum of one parking space per bedroom in addition to the parking required for the main dwelling without blocking the required parking (no tandem parking) pursuant to Chapter 9.11 of this title;

8. The unit may be rented and shall not be sold separately from the main unit unless the land containing the second unit is first divided from the property containing the main unit in accordance with the city's subdivision regulations;

9. The unit shall have adequate water supply and sewage disposal capability;

10. The applicant shall be the owner-occupant of the property and shall reside in either the primary residence or the second unit;

11. The entrance to an attached second unit shall be separate from the entrance to the first unit and shall be installed in a manner as to eliminate an obvious indication of two units in the same structure;

12. Second units shall be subject to all development fees specified by City ordinances or resolutions for second units; and

13. The unit shall have kitchen and bath facilities.

14. The property owner(s) shall enter into a written agreement with the city, in which the owner(s) agree to use the premises in compliance with the requirements of this section, any applicable enactments of the city council, and in form acceptable to the city attorney and the community development director. The written agreement shall include that any lease executed on a Second Dwelling Unit shall automatically become a month to month tenancy at the time of sale or transfer of the property. Recordation of such agreement in the files of the county recorder shall be completed prior to issuance of a building permit for the second unit."

3.4 Section 9.16.010 of Chapter 9.16 of the City of Moreno Valley Municipal Code is hereby amended to read as follows:

"9.16.010 Introduction and scope of guidelines.

A. The city of Moreno Valley design guidelines are intended to promote quality site planning and architecture without restricting innovation or creativity. These guidelines represent the community development director's, the planning commission's and the city council's policy with respect to the quality of design expected for all projects within the city. However, it is recognized that each project represents a unique development opportunity which is intended to be enhanced by the guidelines, not stymied by them. Compatibility with surrounding development is emphasized to achieve a unified and sensitive appearance, but variety and distinctiveness in design and architectural styles are encouraged.

B. The design guidelines reflect the Moreno Valley general plan design policies and objectives, functioning as a tool for the general public, project developers, city staff and reviewing boards and commissions.

C. These guidelines will help apply the city’s design standards to new development and to remodels, upgrading design citywide and implementing the general plan’s policies.

D. Several design philosophies prevail throughout the guidelines. These include compatibility, sensitivity, human scale, variety, function and aesthetics. When combined and tailored for specific uses, these philosophies should yield high quality products that are consistent with the general plan’s intent, practical and pleasing to the eye. (Ord. 694 § 1.1 (part), 2005; Ord. 475 § 1.4 (part), 1995; Ord. 426 § 3.1 (part), 1994; Ord. 359 (Attach. 2 (part)), 1992)”

3.5 Section 9.16.130 A and Section 9.16.130 B of Chapter 9.16 of the City of Moreno Valley Municipal Code are hereby amended to read as follows:

Section A

“Table 9.16.130 (A)

Designation	Maximum Density
Hillside Residential	Depends on slope
Rural Residential	Depends on slope
R1	1 unit/acre
R2	2 units/acre
RA-2	2 units/acre
R3	3 units/acre
R5	5 units/acre”

“Section 9.16.130 (B)

B. General Guidelines.

1. A combination of a wall and bermed landscaping shall be provided adjacent to the rear or side yards of lots at neighborhood entries.

2. Residential units should be provided with a minimum five feet variation in their front and side yard setbacks along the streetscape.

3. Residential units shall be articulated and detailed to provide visual interest and scale by using a minimum of three of the following design elements.

a. Provide projecting and/or recessed entries and windows.

- b. Include projecting or recessed balconies.
- c. Front porch with a minimum depth of five feet.
- d. Dormer windows.
- e. Minimum eighteen (18") inch roof overhangs with detailed rafter tails.
- f. Offset building planes a minimum of two feet.
- g. Stepping back a portion of the second story.
- h. Use of different building materials with varying textures and colors.

4. All units shall be designed with four sided architecture using the details from the front elevation.

5. Increased setbacks shall be provided on lots that are sited at corners or have rear yards bordering an arterial roadway.

6. Home builders shall consider the after-market construction of patio covers; room additions or second-floor balconies by providing ample rear yard setbacks. Rear yards shall be designed with minimum of 15 feet of flat areas adjacent to the structure.

7. Residential projects should maximize the feeling of openness by curving streets, varying front and side yard setbacks and, if possible, orienting roads to open space areas and views.

8. Small lot single-family subdivisions should utilize innovative design techniques to provide more usable and private exterior area.

9. Residential mechanical equipment, including but not limited to air-conditioning units, shall be screened with walls and landscaping from surrounding properties and streets and shall not be located in the required front yard or street side yard.

10. Storage of recreational vehicles, boats and campers should be provided for residents by either an enlarged side yard setback to allow access to the rear yard or an off-site storage area, both of which are to be out of public view. Residential units should be designed with the larger side yard, a minimum of ten (10) feet, on the garage side of the structure for storage/yard access.

11. Driveways shall be placed to maximize off-street parking opportunities and still maintain minimum landscape requirements.

12. Mailboxes, if required to be clustered, shall be designed to be compatible with surrounding homes, while conforming to Post Office guidelines.

13. Property lines shall be located on the tops of slopes.

14. Natural topographic variations should be retained to divide residential developments into distinct neighborhood areas.

15. Within individual residential projects, a variety of floor plans and elevations should be offered as follows:

Table 9.16.130B

<u>Number of Units</u>	<u>Minimum # of Footprints*</u>	<u>Minimum # of Elevations/ Footprints</u>
5-9	1	2
10-24	2	3
25-49	3	3
50 plus	<u>Add one additional footprint for every 50 units over 50</u>	4

Each floor plan shall not be repeated more than each fourth house. Please note that adding or deleting false shutters or similar types of minimal elevation changes will not suffice as one of the required elevations.

16. To minimize visual impact, corner residential units shall be single story or if two story, shall incorporate single story elements into the design. The short and low side of the unit should be sited toward the street corner.

17. Automatic garage door openers shall be required to be installed in houses with less than a twenty-foot front setback. Garage doors with windows shall be required for three or more car garages or other architecturally enhanced garage doors or as approved by the Community Development Director.

18. Fence and wall materials should be durable and architecturally compatible with the neighborhood appearance. Walls and fences constructed of slump stone, stucco-coated block or wrought iron are encouraged. Fences and walls constructed of nondurable materials, including but not limited to plywood and chicken wire are prohibited. A front yard fence or wall shall be erected in a manner that does not obscure visibility through the fence or wall. (MC 9.08.070)”

3.6 Title of Chapter 9.17 shall be amended as follows:

“Chapter 9.17 Landscape and Water Efficiency Requirements.”

3.7 Section 9.17.070 A of Chapter 9.17 of the City of Moreno Valley Municipal Code is hereby amended to read as follows:

“A. Plans for landscape construction or reconstruction of existing single family units, custom homes and model home complexes are subject to review by the Planning Division to ensure:

1. Conformance with prevailing building design guidelines, with pleasing visual aesthetics and water efficient design.

2. Use of xeriscape landscaping;

3. Use of approved landscape materials.

4. Use of approved “smart irrigation” controllers.

5. Irrigation systems minimize overspray onto structures or hard surfaces such as sidewalks, driveways and walls/fences.

6. The front yard area have a maximum of 25% turf with the remaining yard planted with shrubs, ground covers and required trees. Turf should be planted in gathering areas only. Pavement and other solid surfaces shall not cover more than half of the required front yard setback.

7. New and existing single family front yard setbacks include front and street side yard landscaping consisting predominantly of plant materials including shrubs, ground covers and required trees, except for necessary walks, drives and fences, not including weeds, as defined in Municipal Code Section 6.04, or concrete/hardscape materials.

8. Ground cover should be used to absorb runoff from rain or irrigation.

9. Reduction of hardscape/paving, incorporating permeable surfaces to reduce runoff.

10. The plant palette provided in the County of Riverside Guide to Friendly Landscaping is recommended to identify plants which can be used to establish an aesthetically pleasing and water efficient landscape.”

3.8 Section headings for 9.17.141, 9.17.142 and 9.17.143 have been numbered as follows:

“9.17. 150 Water Efficiency Requirements.”

“9.17.160 Landscape Water Use Efficiency Enforcement.”

"9.17. 170 Severability."

3.9 Landscape Standards

The Landscape Standards, page 5, Single Family Front Yards section is hereby revised as follows:

"Single Family Residential

Front yards: 25% turf (maximum) with the remaining yard planted with shrubs, ground covers and required trees. Turf shall be planted in gathering areas only. Pavement and other solid surfaces shall not cover more than half of the required front yard setback."

SECTION 4 EFFECT OF ENACTMENT:

Except as specifically provided herein, nothing contained in this ordinance shall be deemed to modify or supersede any prior enactment of the City Council which addresses the same subject addressed herein.

SECTION 5 NOTICE OF ADOPTION:

Within fifteen days after the date of adoption hereof, the City Clerk shall certify to the adoption of this ordinance and cause it to be posted in three public places within the city.

SECTION 5 EFFECTIVE DATE:

This ordinance shall take effect thirty days after the date of its adoption.

APPROVED AND ADOPTED this 14th day of December, 2010.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

ORDINANCE JURAT

ORDINANCE NO. 819

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, APPROVING APPLICATION PA10-0031 AMENDING THE MUNICIPAL CODE TO MAKE CHANGES TO PERMITTED USES TABLE 9.02.020-1 BY ADDING THE PHARMACY LAND USE TO THE BUSINESS PARK-MIXED USE (BPX) ZONE.

The City Council of the City of Moreno Valley does ordain as follows:

SECTION 1. PRIOR ENACTMENTS REPEALED:

1.1 All prior enactments of the City, which are in conflict with this Ordinance, are hereby repealed, effective upon the date which this Ordinance becomes effective and operative.

SECTION 2: FINDINGS

2.1 With respect to the proposed Municipal Code Amendment, and based upon substantial evidence presented to the City Council during the public hearing on November 30, 2010, including written and oral staff reports, and the record from the public hearing, the City Council hereby specifically finds as follows:

1. Conformance with General Plan Policies – The proposed Municipal Code Amendment is consistent with the General Plan, and its goals, objectives, policies and programs.

FACT: The project proposes changes to Permitted Uses Table 9.02.020-1 of the Municipal Code. The proposed Municipal Code Amendment is consistent with and does not conflict with the goals, objective, policies or programs of the General Plan.

2. Health, Safety and Welfare – The proposed amendment will not adversely affect the public health, safety or general welfare.

FACT: The proposed Municipal Code Amendment will not adversely affect the public health, safety or general welfare. As a minor alteration to land use limitations, the Municipal Code Amendment is determined to be exempt under California Environmental Quality Act Guidelines, per Section 15305, as a Class 5 Categorical Exemption. No land use changes on specific parcels of land are included in the proposed Municipal Code Amendment.

3. Conformance with Title 9 – The proposed Municipal Code Amendment is consistent with the purposes and intent of Title 9.

FACT: The proposed amendment meets all applicable Municipal Code requirements. As proposed, the amendment is consistent with the purposes and intent of Title 9.

SECTION 3 MUNICIPAL CODE AMENDMENT:

3.1 Chapter 9.02 of Title 9 of the City of Moreno Valley Municipal Code is hereby revised as follows:



Permitted Uses Table 9.02.020-1																							
	H	R	R	R	R	R	R	R	R	R	M	M	N	V	O	O	P	I	L	B	B	O	
	R	R	1	A	2	3	5	S	1	1	2	U	U	C	C	C							
				2				0	0	5	0	1	2										
Nursery, (Plant) Wholesale and distribution	X	X	X	X															X	X			X
Offices (Administrative and Professional)											X	X	X	X	X	X				X	X	X	X
Open Air Theaters																		C					C
Orphanages	C	C	C	C	C	C	C	C	C	C													
Painting Contractor																			X	X			
Parcel Delivery Terminals																			X	X	X	X	
Parking Lot											C	C	C	X	X	C						X	
Parks and Recreation Facilities (Public)	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Personal Services (e.g., nail salons, massage establishment, barber and beauty shops, and tattoo parlors)											X	X	X	X	X	X						X	
Pharmacy*											X	X	X	X	X	X						X	
Photo Studios											X	X	X	X	X	X						X	
Plumbing Shops														X								X	
Plumbing Supply Stores for Contractors																				X	X	X	
Pool Hall																							
Postal Services											X	X	X	X	X	X				X	X	X	
Pottery Sales with Outdoor Sales											X	X	X	X					X			X	

* Permitted in the OC, BPX and VOR districts only as a support use to a medical office facility.

SECTION 4: EFFECT OF ENACTMENT:

4.1 Except as specifically provided herein, nothing contained in this ordinance shall be deemed to modify or supersede any prior enactment of the City Council which addresses the same subject addressed herein.

SECTION 5: NOTICE OF ADOPTION:

5.1 Within fifteen days after the date of adoption hereof, the City Clerk shall certify to the adoption of this ordinance and cause it to be posted in three public places within the city.

SECTION 6: EFFECTIVE DATE:

6.1 This ordinance shall take effect thirty days after the date of its adoption.

APPROVED AND ADOPTED this 14th day of December, 2010.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

ORDINANCE JURAT

[Clerk's office will prepare]

[NOTE: Any attachments or exhibits to this ordinance should follow this jurat.]

ORDINANCE NO. 820

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, ADDING CHAPTER 12.50 TO THE CITY OF MORENO VALLEY MUNICIPAL CODE, RELATING TO LIMITATIONS ON ENGINE IDLING.

The City Council of the City of Moreno Valley does ordain as follows:

SECTION 1. MUNICIPAL CODE ADDED:

1.1 Chapter 12.50 of the Moreno Valley Municipal Code is hereby added to read as follows:

“Section 12.50.010 – Findings and Purpose

The City Council of the City of Moreno Valley finds that:

- (A) Air pollution is a major public health concern in California. Air pollution can cause or aggravate lung illnesses such as acute respiratory infection, asthma, chronic bronchitis, emphysema, and lung cancer. In addition to the health impact, air pollution imposes significant economic costs and negative impacts on our quality of life.
- (B) Exhaust from vehicles, both on and off road, is a public nuisance that is a substantial source of carbon monoxide, ozone precursors, particulate matter, toxic air contaminants, and greenhouse gases. Although new engines have become cleaner due to new technologies; the slow turn over in their inventory and the number of miles/hours the vehicles drive/idle each year is hindering progress toward regional air quality.
- (C) A study of idling exhaust emissions conducted by the U.S. Environmental Protection Agency (EPA420-R-02-025, October 2002) indicates that a typical 1980s – 2001 model year truck operating on diesel fuel emits 144 grams per hour of nitrogen oxide and 8224 grams per hour of carbon dioxide emissions and consumes about 0.82 gallons of diesel fuel while idling.
- (D) Truck idling further creates a public nuisance by creating a noise disturbance.

Section 12.50.020 – Definitions

- (A) “Driver” means any person who drives, operates, or is in actual physical control of a vehicle.
- (B) “Emergency” means a sudden, urgent, usually unforeseen occurrence.
- (C) “Equipment Operator” means any person who is in actual physical control of a piece of off-road equipment.

Ordinance No. 820
Date Adopted: December 14, 2010

- (D) "Gross Vehicle Weight Rating" means the weight specified by the manufacturer as the loaded weight of a single vehicle.
- (E) "Heavy-Duty Vehicle" means any on-road motor vehicle with a manufacturer's Gross Vehicle Weight Rating greater than 14,000 pounds.
- (F) "Idling" means the engine is running while the vehicle is stationary or the piece of off-road equipment is not performing work.
- (G) "Medium-Duty Vehicle" means any on-road motor vehicle with a manufacturer's Gross Vehicle weight rating of 6,001 to 14,000 pounds.
- (H) "Official Traffic Control Device" means any sign, signal, marking or device, consistent with Section 21400 of the California Vehicle Code, placed or erected by authority of a public body or having official jurisdiction, for the purpose of regulating, warning, or guiding traffic, but does not include islands, curbs, traffic barriers, speed humps, speed bumps, or other roadway design features.
- (I) "Official Traffic Control Signal" means any device, whether manually, electrically, or mechanically operated, by which traffic is alternately directed to stop and proceed and which is erected by authority of a public body or official having jurisdiction.
- (J) "Off-Road Equipment" means all non-road equipment with a horsepower rating of 50 or greater.
- (K) "Transport Refrigeration Unit" or "TRU" means a refrigeration system powered by an engine designed to control the environment of temperature sensitive cargo. A TRU is a piece of off-road equipment regardless of its horsepower rating.
- (L) "Vehicle" means any on-road, self propelled vehicle that is required to be registered and have a license plate by the California Department of Motor Vehicles.
- (M) "Vehicle / Equipment Owner" means the registered owner, lessee, licensee, or bailee of any heavy- or medium-duty vehicle or piece of off road equipment who operates or directs the operation of any such vehicle or equipment on either a for-hire or not-for-hire basis.

Section 12.50.030 – Applicability

This Chapter shall apply to the operation of all diesel fueled vehicles regardless of gross vehicle weight rating, all heavy-duty vehicles fueled by either gasoline or diesel, all off-road diesel-powered equipment regardless of horsepower rating, and all off-road equipment regardless of fuel being used, except as provided in Section 12.50.050. Additionally, this Chapter shall apply to Transport Refrigeration Unit ("TRU") engines as specified in Section 12.50.040(C).

Section 12.50.040 – Idling Limitation

- (A) A driver of a vehicle:
 - 1) Must turn off the engine upon stopping at a destination; and,
 - 2) Must not cause or allow an engine to idle at any location for:
 - a) More than five consecutive minutes; or

Ordinance No. 820
Date Adopted: December 14, 2010

- b) A period or periods aggregating more than five minutes in any one-hour period.
- (B) An equipment operator of an off-road piece of equipment not identified in (A) above must not cause or allow an off-road piece of equipment to idle at any location for:
 - 1) More than five consecutive minutes; or
 - 2) A period or periods aggregating more than five minutes in any one-hour period.
- (C) An equipment operator of a TRU must not cause or allow a TRU to operate while stationary unless the vehicle is lawfully parked at a location approved for truck parking by this Code and not within 500 feet of a school unless the operator is actively engaged in the process of loading or unloading cargo or is waiting in a queue to load or unload cargo for a period not to exceed two (2) hours.
- (D) An owner of a vehicle, an off-road piece of equipment, or a TRU must ensure that:
 - 1) The vehicle operator or equipment operator, upon employment and at least once per year thereafter, is informed of the requirements of Section 12.50.040(A), (B) and (C), and of the consequences, under this section and the fleet owner's terms of employment, of not complying with those requirements; and,
 - 2) Upon rental or lease of a vehicle or piece of equipment, written notification is provided of the requirements of Section 12.50.040(A), (B) and (C); and,
 - 3) All complaints of non-compliance with, and enforcement actions related to, the requirements of Section 12.50.040(A), (B) and (C) are reviewed and remedial action is taken as necessary.
- (E) A private property owner shall not allow a vehicle, an off-road piece of equipment or a TRU located on the owner's property to violate Sections 12.50.040(A), (B) or (C). A private property owner shall notify owners and operators of vehicles, off-road pieces of equipment and TRUs entering the owner's private property of the requirements of Sections 12.50.040 (A), (B) and (C).

Section 12.50.050 – Exemptions

This Chapter does not apply to a vehicle or piece of equipment for the period or periods during which:

- (A) Idling is necessary while stopped:
 - 1) for an official traffic control device;
 - 2) for an official traffic control signal;
 - 3) for traffic conditions over which the driver has no control, including, but not limited to, stopped traffic, stopped at railroad crossings, or stopped at a construction zone; or,
 - 4) At the direction of a peace officer.
- (B) Idling is necessary to ascertain that the vehicle and/or the off-road equipment is in a safe operating condition and equipped as required by all provisions of law,

Ordinance No. 820
Date Adopted: December 14, 2010

and all equipment is in good working order, either as part of the daily vehicle inspection, or as otherwise needed;

- (C) Idling is necessary for testing, servicing, repairing or diagnostic purposes;
- (D) Idling is necessary, for a period not to exceed three to five minutes (as recommended by the manufacturer) to cool down a turbo-charged heavy-duty vehicle before turning the engine off;
- (E) Idling is necessary to accomplish work for which the vehicle / equipment was designed, other than transporting goods, including, but not limited to, operating a lift, crane, pump, drill, hoist, ready-mixed concrete mixer or other auxiliary equipment other than a heater or air conditioner.
- (F) Idling is necessary to operate a lift or other piece of equipment designed to ensure safe loading and unloading of goods and people;
- (G) Idling is necessary to operate defrosters, heaters, air conditioners, or other equipment to prevent a safety or health emergency, but not solely for the comfort of the driver or passengers except:
 - 1) For driver comfort when a driver is required to have rest time by law. In such case, the driver may only idle at a designated rest area or truck stop.
 - 2) For passenger comfort in a paratransit vehicle with a passenger on board with a disability or health condition that would be critically aggravated if the vehicle were not maintained at an adequate temperature.
- (H) Idling is necessary solely to recharge a battery or other energy storage unit of a hybrid electric vehicle or equipment
- (I) Idling is necessary to operate equipment that runs intermittently.
- (J) Idling is necessary for emergency services vehicles.

Section 12.50.060 – Relationship to other Laws

Nothing in this Chapter allows idling in excess of other applicable laws, including, but not limited to:

- (A) Title 13 California Code of regulations Section 1226;
- (B) Title 13 California Code of Regulations Section 2480;
- (C) California Vehicle code Section 22515; or,
- (D) Any other local, state or federal law or regulation as stringent as, or more stringent than this Chapter.

Section 12.50.070 – Penalties

Any violation of the provisions of the Chapter shall be subject to the fines and penalties set forth in Chapters 1.01 and 1.10 of this Code.

Section 12.50.080

This chapter may be enforced by any peace officer or enforcement officer as designated by the City Manager, the California Air Resources Board, or the local air pollution control or air quality management district.”

Ordinance No. 820
Date Adopted: December 14, 2010

SECTION 2. EFFECT OF ENACTMENT:

2.1 Except as specifically provided herein, nothing contained in this ordinance shall be deemed to modify or supersede any prior enactment of the City Council which addresses the same subject addressed herein.

SECTION 3. NOTICE OF ADOPTION:

3.1 Within fifteen days after the date of adoption hereof, the City Clerk shall certify to the adoption of this ordinance and cause it to be publicly posted in three places within the city.

SECTION 4. EFFECTIVE DATE:

4.1 This ordinance shall take effect thirty days after the date of its adoption.

APPROVED AND ADOPTED this 14th day of December, 2010.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

Ordinance No. 820
Date Adopted: December 14, 2010

ORDINANCE JURAT

[Clerk's office will prepare]

[NOTE: Any attachments or exhibits to this ordinance should follow this jurat.]

Ordinance No. 820
Date Adopted: December 14, 2010

**MINUTES – SPECIAL MEETING OF NOVEMBER 30, 2010
(Report of: City Clerk’s Department)**

Recommendation: Approve as submitted.

SEE AGENDA ITEM A.2

This page intentionally left blank.

**MINUTES – SPECIAL MEETING OF NOVEMBER 30, 2010
(Report of: City Clerk’s Department)**

Recommendation: Approve as submitted.

SEE AGENDA ITEM A.2

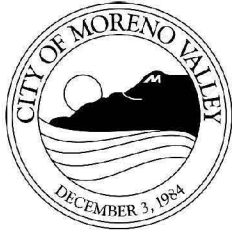
This page intentionally left blank.

**MINUTES – SPECIAL MEETING OF NOVEMBER 30, 2010
(Report of: City Clerk’s Department)**

Recommendation: Approve as submitted.

SEE AGENDA ITEM A.2

This page intentionally left blank.



APPROVALS	
BUDGET OFFICER	<i>CAF</i>
CITY ATTORNEY	<i>[Signature]</i>
CITY MANAGER	<i>WBS</i>

Report to City Council

TO: Mayor and City Council Acting in their Capacity as the Legislative Body for Community Facilities District No. 4-Infrastructure

FROM: Chris A. Vogt, P.E., Public Works Director/City Engineer

AGENDA DATE: December 14, 2010

TITLE: PUBLIC HEARING TO MODIFY THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES WITH RESPECT TO COMMUNITY FACILITIES DISTRICT NO. 4-INFRASTRUCTURE

RECOMMENDED ACTION

Staff recommends that the City Council acting in their capacity as the Legislative Body for Community Facilities District No. 4-Infrastructure, after conducting the public hearing:

1. Approve and adopt Resolution No. 2010-106; a Resolution making certain determinations and authorizing the submittal of the proposed modifications to the rate and method of apportionment of special taxes authorized to be levied within such community facilities district to the qualified electors thereof;
2. Direct staff to canvass the ballots received and report the results of the special election to the Legislative Body;
3. Approve and adopt Resolution No. 2010-107; a Resolution declaring the results of a special election in such community facilities district; and
4. Introduce Ordinance No. 821: an Ordinance authorizing the levy of a special tax in such community facilities district pursuant to an amended and restated rate and method of apportionment of such special tax and repealing ordinance Nos 696 and 765. (ROLL CALL REQUIRED.)

ADVISORY BOARD/COMMISSION RECOMMENDATION

N/A

BACKGROUND

Ridge Property Trust submitted an application on May 13, 2004 to form a community facilities district to fund the acquisition and/or construction of public improvements for the proposed development of the Centerpointe Business Park through the payment of special taxes. Any bonds issued for the community facilities district shall be secured by those special taxes. The City approved the developer's request and on October 25, 2005 Community Facilities District No. 4—Infrastructure ("CFD No. 4-I" or "District") was formed. The public improvements, to be financed through bonds, include: street improvements, street lighting, drainage improvements, median landscaping, electric utility improvements, and appurtenant structures and facilities; to date all improvements have been constructed and accepted by the City. The District has been authorized by Resolution 2005-95 to issue up to \$16 million of bonds. Debt service for bond issuances shall be secured through an annual special tax levy on properties within the District. The District is generally located south of Alessandro Boulevard, east of Frederick Street, north of Cactus Avenue, and west of Heacock Street.

The developer's ultimate plans are to construct twelve buildings within the Centerpointe Business Park. Five of the twelve buildings have been constructed and occupied; buildings 4, 5, 6, 8, and 9 (see Attachment 5). Building 8 was sold to the United States Postal Service ("USPS") and the special tax obligation was prepaid. The USPS parcel still remains within the boundaries of the CFD but is not subject to the payment of any future special taxes.

DISCUSSION

Due to market conditions and the difficulty in obtaining financing, there has been a delay in constructing the remaining buildings within the District. Along with these delays, the bond market has become more restrictive over the past few years and may not provide favorable interest rates for any bonds secured by undeveloped properties. Since the original rate and method of apportionment ("RMA"), approved on October 25, 2005, applied the special tax proportionately to all developed and undeveloped parcels within the District, the developer has requested certain modifications to the original RMA to apportion the special tax on developed parcels prior to any other parcel classification. The "Amended and Restated RMA" will allow for any series of bonds to be sized and issued based primarily on the special taxes from developed parcels. The special taxes on the undeveloped parcels will provide a secondary source of revenue if additional monies are needed to satisfy the annual special tax requirement.

In addition to amending the RMA, the CFD Report for CFD No. 4-I is being updated. The updated CFD Report (Attachment 4) presented to the Legislative Body for approval with this staff report shall stand as the report, pursuant to Government Code Section 53321.5, for all future proceedings. The updated CFD Report includes the Amended and Restated RMA, the history of the formation and modification proceedings, and the actual costs to be financed through the District.

A resolution for the intent to modify the RMA for CFD No. 4-I was approved on November 9, 2010, which allowed for a Public Hearing to be scheduled for December 14, 2010. The Public Hearing is the second opportunity for property owners to be heard by the Legislative Body regarding the proposed amendment to the RMA.

If the attached resolutions and ordinance are approved, a resolution of issuance will be presented for approval at a future council meeting. The staff report will contain all the pertinent documents required for the sale of bonds for the District.

ALTERNATIVES

1. **Approve and adopt the proposed resolutions** approving the Amended and Restated RMA for CFD No. 4-I and declaring the results of the special election and introduce the proposed ordinance to authorize the levy of a special tax pursuant to the Amended and Restated RMA. *The Amended and Restated RMA shall be used for calculation of special taxes to support the payment of any future bond issuances for the District.*
2. **Do not approve or adopt the proposed resolutions** or introduce the proposed ordinance. *If the resolutions are not approved and the ordinance is not introduced the original RMA will remain in effect.*

FISCAL IMPACT

The developer shall pay costs for all professional services related to the preparation of an Amended and Restated RMA. Administrative services provided by Special Districts will be reimbursed annually from the special tax levy.

Acquisition of the public facilities in CFD No. 4-I shall be paid for through bond proceeds. The District has been authorized by Resolution 2005-95 to issue up to \$16 million of bonds. Debt service for any future bond issuances shall be secured through an annual special tax levy on properties within the District. **The issuance of bonds shall not constitute a general obligation of the City.**

CITY COUNCIL GOALS

Public Facilities and Capital Projects

Once bonds are sold, the proceeds shall be used to acquire the approved public improvements.

Revenue Diversification and Preservation

The debt service on the bonds will be paid for through an annual special tax levied on properties within the District.

SUMMARY

The action before the City Council acting in their capacity as the Legislative Body for CFD No. 4-I is to conduct the public hearing, adopt resolutions amending the RMA for CFD No. 4-I and declaring the results of the special election, and authorizing the Ordinance authorizing the levy of a special tax pursuant to the Amended and Restated RMA.

NOTIFICATION

Notice of the December 14 Public Hearing was published in The Press-Enterprise on December 2, 2010, to give to any persons interested, including persons owning property within the District, the opportunity to appear and present any matters relating to the proposed Amended and Restated RMA for CFD No. 4-I.

ATTACHMENTS

- Attachment 1: Resolution making certain determinations and authorizing the submittal of the proposed modifications to the rate and method of apportionment of special taxes authorized to be levied within such community facilities district to the qualified electors thereof
- Attachment 2: Resolution declaring the results of a special election in such community facilities district
- Attachment 3: Ordinance authorizing the levy of a special tax in such community facilities district pursuant to an amended and restated rate and method of apportionment of such special tax and repealing ordinance Nos 696 and 765
- Attachment 4: Updated Community Facilities Districts Report for CFD No. 4-I
- Attachment 5: Centerpointe Business Park Map

Prepared by:
Jennifer A. Terry
Management Analyst

Department Head Approval:
Chris A. Vogt, P.E.
Public Works Director/City Engineer

Concurred by:
Candace E. Cassel
Special Districts Division Manager

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

W:\SpecialDist\Special Dist Administration\Community Facilities Districts CFD\CFD 4-Infrastructure\Formation\Staff Reports - Resolutions\Staff Report PH Amending the RMA\CFD 4I Amended RMA PH Staff Rpt 12 14 10.doc

RESOLUTION NO. 2010-106

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 4 – INFRASTRUCTURE OF THE CITY OF MORENO VALLEY, MAKING CERTAIN DETERMINATIONS AND AUTHORIZING THE SUBMITTAL OF THE PROPOSED MODIFICATIONS TO THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES AUTHORIZED TO BE LEVIED WITHIN SUCH COMMUNITY FACILITIES DISTRICT TO THE QUALIFIED ELECTORS THEREOF

WHEREAS, the City Council (the “City Council”) of the City of Moreno Valley (the “City”) did previously conduct proceedings to form and did form a community facilities district pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982,” (Government Code section 53311 and following) (the “Act”) for the purpose of financing certain public facilities (the “Facilities”), such community facilities district designated as Community Facilities District No. 4 - Infrastructure of the City of Moreno Valley (the “Original District”); and

WHEREAS, as a result of the formation of the Original District and the approval by the qualified electors of the Original District, special taxes are authorized to be levied within the Original District pursuant to the rate and method of apportionment thereof (the "Original District Rate and Method"); and

WHEREAS, the City Council did also previously conduct proceedings to annex certain territory (“Annexation Area No. 1”) to the Original District; and

WHEREAS, as a result of the annexation of Annexation No. 1 to the Original District (the Original District and Annexation No. 1 are referred to collectively herein as the “District”) and the approval by the qualified electors of Annexation No. 1, special taxes are authorized to be levied within Annexation No. 1 pursuant to the rate and method of apportionment thereof (the “Annexation Area No. 1 Rate and Method”); and

WHEREAS, at the City Council meeting of November 9, 2010 the City Council, acting as the legislative body of the District and at the request of the owners of the property within the District, declared its intention to modify and amend the Original Rate and Method and the Annexation No. 1 Rate and Method as reflected in an amended and restated rate and method of apportionment (the “Initial Amended and Restated Rate and Method”); and

WHEREAS, the owners of the property subsequently requested that the Original Rate and Method and the Annexation No. 1 Rate and Method be further amended in order to reduce the Maximum Annual Special Tax (as defined in the Initial Amended and Restated Rate and Method) as reflected in a further amended and restated rate and method of apportionment (the “Amended and Restated Rate and Method”), attached hereto as Exhibit “A” and by this reference incorporated herein, that shall apply to the entire

District; and

WHEREAS, notice of a public hearing to consider the amendments to the Original District Rate and Method and the Annexation No. 1 Rate and Method as reflected in the Amended and Restated Rate and Method (the "Modifications") has been given in the form and manner required by the Act; and

WHEREAS, there has been prepared by Harris & Associates, the special tax consultant to the City for the District (the "Special Tax Consultant"), the Updated Community Facilities District Report (the "Updated Report") to update and supplement the Community Facilities District Report prepared by the Special Tax Consultant (the "Original Report") and submitted to and received by the City Council at the time of formation of the District; and

WHEREAS, this City Council did hold such public hearing to receive the testimony of all interested persons or taxpayers for or against the Modifications; and

WHEREAS, it has now been determined that written protests to the Modifications have not been received by 50% or more of the registered voters residing within the District and/or property owners representing more than one-half (1/2) or more of the area of land within the District; and,

WHEREAS, this City Council has, as a part of such proceedings, determined to call for and order to be held an election to submit to the qualified electors of the District a proposition to authorize the levy of special taxes within the District pursuant to the Amended and Restated Rate and Method; and,

WHEREAS, inasmuch as there have been less than twelve (12) persons registered to vote within the District for each of the 90 preceding days, this legislative body desires to submit the question of authorizing the levy of the special taxes pursuant to the Amended and Restated Rate and Method to the landowners of the District, said landowners being the qualified electors of the District as authorized by law.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Moreno Valley, acting in its capacity as the legislative body of Community Facilities District No. 4 - Infrastructure, as follows:

Section 1. RECITALS. The above recitals are all true and correct.

Section 2. DETERMINATIONS. It is determined by this City Council that:

- A. all proceedings related to the Modifications prior hereto were valid and taken in conformity with the requirements of law, and specifically the provisions of the Act;

- B. the Modifications conform with the City's adopted local goals and policies for community facilities districts which are set forth in the City's Special Districts Financing Policy;
- C. less than twelve (12) registered voters have resided within the District for each of the ninety (90) days preceding the close of the public hearing and, consequently, the qualified electors shall be the landowners of the District and each landowner who is the owner of record as of the close of the public hearing, or the authorized representative thereof, shall have one vote for each acre or portion of an acre of land that she or he owns within the District;
- D. the qualified electors have consented to the shortening of time for conducting the special election to present the question to authorize the levy of special taxes pursuant to the Amended and Restated Rate and Method, therefore, such special election may be conducted less than 90 days following the date of the public hearing to consider such question.

Section 3. UPDATED REPORT. The Original Report as updated and supplemented by the Updated Report, as now submitted by the Special Tax Consultant, shall stand as the report as required pursuant to Government Code Section 53321.5 for all future proceedings and all terms and contents as so updated and supplemented are approved as set forth therein.

Section 4. PROPOSED MODIFICATIONS. Except to the extent that funds are otherwise available to the District to pay for the Facilities, this City Council hereby approves, subject to the approval by the qualified electors of the District, the Modifications to authorize the levy of Special Taxes as defined in and pursuant to the Amended and Restated Rate and Method. Such Special Taxes shall be secured by recordation of a continuing lien against all non-exempt real property within the District, shall be levied annually within the District, and shall be collected in the same manner as ordinary ad valorem property taxes, or in such other manner at this City Council or its designee shall determine, including direct billing of the affected property owners. The annual Special Taxes may be utilized to pay debt service on the bonds issued by the District to assist in financing the acquisition of the Facilities, to replenish any reserve fund established for such bonds, to pay directly for the acquisition of the Facilities, and to pay the proportionate costs of administering such bonds, and the District.

This legislative body further authorizes that the Special Taxes may be prepaid and satisfied by payment of the prepayment amount calculated pursuant to the Amended and Restated Rate and Method.

Upon recordation of an Amendment to Notice of Special Tax Lien pursuant to Section 3114.5 of the Streets and Highways Code of the State of California, the existing continuing lien to secure the levy of the Special Taxes attached to all non-exempt real property in the District shall be amended to reflect the modification to the Original District Rate and Method and the Annexation No. 1 Rate and Method and such lien will continue in force and effect until such Special Tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the tax by this City Council ceases.

Section 5. SPECIAL TAX ACCOUNTABILITY MEASURES. Pursuant to and in compliance with the provisions of Government Code Section 50075.1, this City Council hereby establishes the following accountability measures pertaining to the levy by the District of the Special Taxes described in Section 3 above:

- A. The Special Taxes shall be levied for the specific purposes set forth in Section 4 above.
- B. The proceeds of the levy of such Special Taxes shall be applied only to the specific applicable purposes set forth in Section 4 above.
- C. The District shall establish a separate account into which the proceeds of the Special Taxes shall be deposited.
- D. The City Manager or his authorized designee shall annually file a report with this City Council as required pursuant to Government Code Section 50075.3.

Section 6. ELECTION. Proposition to authorize the levy of Special Taxes within the District pursuant to the Amended and Restated Rate and Method shall be submitted to the qualified electors of the District, said electors being the landowners, with each landowner having one (1) vote on such proposition for each acre or portion thereof of land which he or she owns within the District. The special election shall be held on December 14, 2010 or such other date as the City Clerk, acting as the election official for such special election (the "Election Official"), and all of the qualified electors within the District may agree and consent. If any proposition receives the approval of more than two-thirds (2/3) of the votes cast on the proposition, such proposal shall be approved.

Section 7. BALLOT. The ballot proposal to be submitted to the qualified voters at the election shall generally be as follows:

PROPOSITION A

Shall Community Facilities District No. 4 – Infrastructure of the City of Moreno Valley (the “District”), subject to accountability measures required by California Government Code Section 50075.1, be authorized to levy a special tax throughout the District pursuant to the amended and restated rate and method of apportionment of such special taxes set forth in Attachment “1” to this ballot that shall supersede and replace the existing rates and methods of apportionment thereof, for the purposes of paying debt service on bonds of the District, replenishing the reserve fund for such bonds, paying costs of administering such indebtedness and the District, and paying directly for those certain facilities described in Attachment “2” to this ballot?

Section 8. VOTE. The appropriate mark placed on the line before the word “YES” shall be counted in favor of the adoption of the proposition, and the appropriate mark placed on the line before the word “NO” in the manner as authorized, shall be counted against the adoption of said proposition.

Section 9. ELECTION PROCEDURE. The Election Official is hereby authorized to take any and all steps necessary for the holding of said election. Said Election Official shall perform and render or cause to be performed and rendered all services and proceedings incidental to and connected with the conduct of said election, and said services shall include, but not be limited to the following:

- A. Prepare and furnish to the election officers necessary election supplies for the conduct of the election.
- B. Print the requisite number of official ballots, tally sheets and other necessary forms.
- C. Furnish and address official ballots for the qualified electors of the District.
- D. Mail and/or deliver the official ballots, as required by law.
- E. Receive the returns of the election.
- F. Sort and assemble the election material and supplies in preparation for the canvassing of the returns.
- G. Canvass the returns of the election.
- H. Furnish a tabulation of the number of votes given in the election.
- I. Make all arrangements and take the necessary steps to pay all costs of the election incurred as a result of services performed for the Community Facilities District and pay costs and expenses of all election officials.

- J. Conduct and handle all other matters relating to the proceedings and conduct of the election in the manner and form as required by law.

Section 10. This Resolution shall become effective immediately upon its adoption.

APPROVED AND ADOPTED this 14th day of December, 2010.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

RESOLUTION JURAT

[Clerk's Office will prepare]

[Note: Any attachments or exhibits to this resolution should follow this jurat.]

Amended and Restated Rate and Method of Apportionment

**AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT
FOR
COMMUNITY FACILITIES DISTRICT NO. 4 - INFRASTRUCTURE
OF THE CITY OF MORENO VALLEY**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property in Community Facilities District No. 4 – Infrastructure of the City of Moreno Valley (“CFD No. 4-I”) and collected each Fiscal Year commencing in Fiscal Year 2010-11, in an amount determined by the City Council through the application of the appropriate Special Tax for “Developed Property,” “Undeveloped Property,” “Taxable Property Owner Association Property,” and “Taxable Public Property” as described below. All of the real property in CFD No. 4-I shall be taxed for the purposes, to the extent and in the manner herein provided, except property defined as Exempt Property and subject to Section E below.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

“**Administrative Expenses**” means the following actual or reasonably estimated costs directly related to the administration of CFD No. 4-I: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 4-I or any designee thereof of complying with arbitrage rebate requirements including, but not limited to, any rebate obligation; the costs to the City, CFD No. 4-I or any designee thereof of complying with disclosure requirements of the City, and /or CFD No. 4-I associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 4-I or any designee thereof related to any appeal of the Special Tax; the costs associated with the release of funds from an escrow or appeals account, including appraisal costs; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 4-I for any other administrative purposes of CFD No. 4-I, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

“**Annual Special Tax Requirement**” means that amount required in any Fiscal Year for CFD No. 4-I to pay the sum of: (i) debt service on all Outstanding Bonds; (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Bonds issued or to be issued by CFD No. 4-I; and (v) any amounts required for the

Amended and Restated Rate and Method of Apportionment

acquisition or construction of facilities eligible under the Act, provided that the inclusion of such amount does not cause an increase in the levy of Special Taxes on Undeveloped Property. In arriving at the Annual Special Tax Requirement, the CFD Administrator shall take into account the reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and shall give a credit for funds available to reduce the Special Tax levy.

“Assessor’s Parcel” means a parcel shown in an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number (APN).

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

“Building Permit” means a permit for new construction for a structure. For purposes of this definition, “Building Permit” shall not include permits for construction of perimeter fencing, parking lot, wet and dry utility improvements, screening, landscaping, site lighting, required site-related storm water improvements, or other such improvements not intended for occupancy, with the exception of a guard shack, or similar ancillary structure.

“Bonds” means any binding obligation including bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 4-I under the Act.

“CFD Administrator” means the Special Districts Division Manager of the City of Moreno Valley, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 4-I” means Community Facilities District No. 4 – Infrastructure of the City of Moreno Valley.

“City” means the City of Moreno Valley.

“City Council” means the City Council of the City, acting as the legislative body of CFD No. 4-I.

“County” means the County of Riverside.

“Developed Property” means all Assessor’s Parcels of Taxable Property for which Building Permits were issued on or before June 1 preceding the Fiscal Year for which Special Taxes are being levied..

“Exempt Property” means any property not subject to Special Tax as described under Section E, herein.

“Final Map” means a final map, parcel map, lot line adjustment, or other map approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots for which building permits may be issued.

Amended and Restated Rate and Method of Apportionment

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Area” means the square footage of land, excluding rights-of-way, as shown on the applicable Final Map or condominium map or if the square footage is not shown on said map, the square footage of an Assessor’s Parcel as shown on an Assessor’s Parcel Map. If the area is presented in acreage, then the square footage equals the acreage multiplied by 43,560 (square footage per acre). Exhibit 1, attached herein, provides an estimate of the taxable Land Area by Assessor’s Parcel.

“Maximum Annual Special Tax” means the maximum Special Tax, determined in accordance with Section C, that can be levied in any Fiscal Year on any Assessor’s Parcel.

“Outstanding Bonds” means all Bonds that are deemed to be outstanding under the Indenture.

“Property Owner Association Property” means, for each Fiscal Year, (i) any Assessor’s Parcel within the boundaries of CFD No. 4-I for which the owner of record, as determined from the County Assessor’s secured tax roll for the Fiscal Year in which the Special Tax is being levied, is a property owner’s association, including any master or sub-association, or (ii) any property located in a Final Subdivision that was recorded as of the January 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property. The term "Proportionately" may similarly be applied to other categories of Taxable Property as listed in Section E below. Notwithstanding the above, Assessor’s Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by their delinquency.

“Public Property” means, for each Fiscal Year, any Assessor’s Parcel within the boundaries of CFD No. 4-I that is (i) owned by, irrevocably offered or dedicated to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement.

Amended and Restated Rate and Method of Apportionment

“**Special Tax**” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property and Undeveloped Property to fund the Annual Special Tax Requirement.

“**State**” means the State of California.

“**Taxable Property**” means all of the Assessor's Parcels within the boundaries of CFD No. 4-I, which are not classified as Exempt Property from the Special Tax pursuant to law or Section E, herein, or for which the Special Tax obligation has been prepaid in full per Section G, herein.

“**Taxable Property Owner Association Property**” means Property Owner Association Property that is subject to the levy of the Special Tax pursuant to Section E below.

“**Taxable Public Property**” means Public Property that is subject to the levy of the Special Tax pursuant to Section E below.

“**Trustee**” means the trustee, fiscal agent, or paying agent under the Indenture.

“**Undeveloped Property**” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property, or Taxable Public Property.

B. CLASSIFICATION OF PROPERTIES

Each Fiscal Year, all Property within CFD No. 4-I shall be classified as Developed Property, Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property or Exempt Property and shall be subject to Special Taxes in accordance with the Rate and Method of Apportionment determined pursuant to Sections C and D.

C. SPECIAL TAX RATE

Maximum Annual Special Tax

The Maximum Annual Special Tax for each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property shall be \$0.1924 per square foot of Land Area for Fiscal Year 2010-11, and shall increase thereafter, commencing on July 1, 2011 and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2%) of the Maximum Annual Tax for the previous Fiscal Year.

Once classified as Developed Property, a parcel may not be subsequently re-classified as Undeveloped Property.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2010-11 and for each following Fiscal Year, the City Council shall levy the Special Tax until the amount of Special Taxes levied equals the Annual Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

Amended and Restated Rate and Method of Apportionment

- Step 1 - The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Annual Special Tax for Developed Property.
- Step 2 - If additional monies are needed to satisfy the Annual Special Tax Requirement, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the applicable Maximum Annual Special Tax for Undeveloped Property.
- Step 3 - If additional monies are needed to satisfy the Annual Special Tax Requirement, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property.
- Step 4 - If additional monies are needed to satisfy the Annual Special Tax Requirement, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property.

E. EXEMPTIONS

Provided that no such classification would reduce the Land Area of Taxable Property to less than 5,427,292 square feet, the CFD Administrator shall classify as Exempt Property: (i) Public Property; and (ii) Property Owner Association Property. Such minimum square footage shall be subject to reduction by the CFD Administrator should the Special Tax obligation for an Assessor's Parcel be paid off in full or in part per Section G, herein.

The CFD Administrator shall classify property as Exempt Property in the chronological order that such property qualifies to be classified as such.

All or any portion of an Assessor's Parcel in CFD No. 4-I that is transferred to a public agency or property owner's association that reduces the square footage of the total Land Area of Taxable Property to less than 5,427,292 square feet, or the minimum square footage as reduced by the CFD Administrator as specified above in this Section E, shall not be exempt from the Special Tax and shall instead require a prepayment of the Special Tax obligation for the excess portion of such Assessor's Parcel pursuant to Section G below to eliminate the necessity of levying an annual Special Tax on such excess portion of such Assessor's Parcel. The full or partial prepayment of the Special Tax for such Assessor's Parcel shall occur prior to the transfer of the Assessor's Parcel to a public agency or property owner association.

In the event that the Special Tax obligation applicable to the excess portion of an Assessor's Parcel is not prepaid as specified in the preceding paragraph, Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Land Area of Taxable Property to less than 5,427,292 square feet, or the minimum square footage as reduced by the CFD Administrator as specified above in this Section E, will be classified as Taxable Public Property or Taxable Property Owner Association Property, as applicable, and will continue to be subject to Special Taxes accordingly. If the use of an Assessor's Parcel classified as Exempt Property changes so that such Assessor's Parcel is no longer classified as

Amended and Restated Rate and Method of Apportionment

one of the uses that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be classified as Taxable Property.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 4-I may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. PREPAYMENT OF SPECIAL TAX

The following definitions apply to Section G, herein.

"CFD Public Facilities" means those public facilities authorized to be financed by CFD No. 4-I.

"CFD Public Facilities Costs" means either \$12.5 million or such lower number as shall be determined either by (a) the CFD Administrator as sufficient to finance the CFD Public Facilities, or (b) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be secured by Special Taxes levied under this Amended and Restated Rate and Method of Apportionment.

"Construction Fund" means the fund as identified in the Indenture, which is used to disburse funds to pay the cost and acquisition of public improvements funded with the bond proceeds or Special Taxes.

"Future Facilities Costs" means the CFD Public Facilities Costs minus: (a) the portion of the CFD Public Facilities Costs previously funded (i) from the proceeds of all previously issued Bonds, (ii) from interest earnings on the Construction Fund actually earned prior to the date of prepayment and (iii) directly from Special Tax revenues; and (b) the amount of the proceeds of all previously issued Bonds then on deposit in the Construction Fund.

"Previously Issued Bonds" means all Outstanding Bonds that have been issued prior to the date of the prepayment which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes.

Prepayment of a Special Tax in Part or in Full

The Special Tax obligation applicable to an Assessor's Parcel may be prepaid at any time and the obligation of such Assessor's Parcel to pay any Special Tax may be fully or partially satisfied as described herein. The CFD Administrator may charge a reasonable fee for calculation of the Prepayment Amount as defined below.

Amended and Restated Rate and Method of Apportionment

1. Prepayment in Full

The Maximum Annual Special Tax obligation may be prepaid and permanently satisfied for any Assessor's Parcel. The Maximum Annual Special Tax obligation applicable to such Assessor's Parcel may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Maximum Annual Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this figure.

The Prepayment Amount (defined below) shall be calculated as follows (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Prepayment Fees and Expenses
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. Compute the Maximum Annual Special Tax for the Assessor's Parcel to be prepaid.
3. Divide the Maximum Annual Special Tax computed pursuant to paragraph 2 by the sum of the total expected Maximum Annual Special Tax revenues that may be levied within CFD No. 4-I, excluding any Assessors Parcels for which the Maximum Annual Special Tax obligation has been previously prepaid.
4. Multiply the quotient computed pursuant to paragraph 3 by the principal amount of Outstanding Bonds to compute the amount of Previously Issued Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Previously Issued Bonds to be redeemed (the "Redemption Premium").

Amended and Restated Rate and Method of Apportionment

6. If all the Bonds authorized to be issued have not been issued, compute the Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be allocated to such Assessor's Parcel (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Previously Issued Bonds.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Fees and Expenses (defined below) from the date of prepayment until the redemption date for the Previously Issued Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. The administrative fees and expenses of CFD No. 4-I are as calculated by the CFD Administrator and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 4-I Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Fees and Expenses").
13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Previously Issued Bonds as a result of the prepayment; or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Previously Issued Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. No Reserve Fund Credit shall be granted if the amount then on deposit in the reserve fund for the Previously Issued Bonds is below 100% of the reserve fund requirement (as defined in the Indenture).
14. If any capitalized interest for the Previously Issued Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

Amended and Restated Rate and Method of Apportionment

15. The Maximum Annual Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, 13, and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited in the Construction Fund.

If the Prepayment Amount is insufficient to redeem Bonds in \$5,000 increments, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Special Taxes, net of Administrative Expenses, that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.10 times the maximum annual debt service on all Outstanding Bonds.

Tenders of Bonds in prepayment of Special Taxes may be accepted upon the terms and conditions established by the City Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the City Council.

2. Prepayment in Part

The Maximum Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid. The amount of the prepayment shall be calculated as in Section G.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E \times F) + A$$

These terms have the following meaning:

- PP = the partial prepayment
- P_E = the Prepayment Amount calculated according to Section G.1, minus Prepayment Fees and Expenses pursuant to paragraph 12 of Section G.1.

Amended and Restated Rate and Method of Apportionment

- F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Annual Special Tax obligation.
- A = the Prepayment Fees and Expenses pursuant to paragraph 12 of Section G.1.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Annual Special Tax obligation shall notify the CFD Administrator of: (i) such owner's intent to partially prepay the Maximum Annual Special Tax obligation, (ii) the percentage by which the Maximum Annual Special Tax obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if applicable. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Maximum Annual Special Tax obligation for an Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall: (i) distribute the funds remitted to it according to paragraph 16 of Section G.1, and (ii) indicate in the records of CFD No. 4-I that there has been a partial prepayment of the Maximum Annual Special Tax obligation and that a portion of the Maximum Annual Special Tax obligation equal to the outstanding percentage (1.00 - F) of the remaining Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

H. TERM OF SPECIAL TAX

The Special Tax shall be levied on each Assessor's Parcel of Developed Property, Taxable Property Owner Association Property and Taxable Public Property for a period not to exceed 40 years from the Fiscal Year in which the Special Tax is first levied on such Assessor's Parcel as Developed Property, Taxable Property Owner Association Property or Taxable Public Property.

The Special Tax shall be levied on Undeveloped Property indefinitely or until such time that all debt service necessary to retire the Bonds is paid in full.

I. APPEALS

Any landowner who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error may submit a written appeal to CFD No. 4-I. The CFD Administrator shall review the appeal and if the CFD Administrator concurs, the amount of the Special Tax levied shall be appropriately modified.

The City Council may interpret this Amended and Restated Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner appeals. Any decision of the City Council shall be final and binding as to all persons.

Amended and Restated Rate and Method of Apportionment

Exhibit 1

Taxable Property

Assessor's Parcel #	Estimated Taxable Lot Area (Sq. Ft.)
5	380,279
27	329,314
64	185,130
65	197,762
66	382,457
67	1,430,946
68	381,586
69	1,061,557
72	255,697
75	383,328
76	333,234
78	292,288

Total: 5,613,578

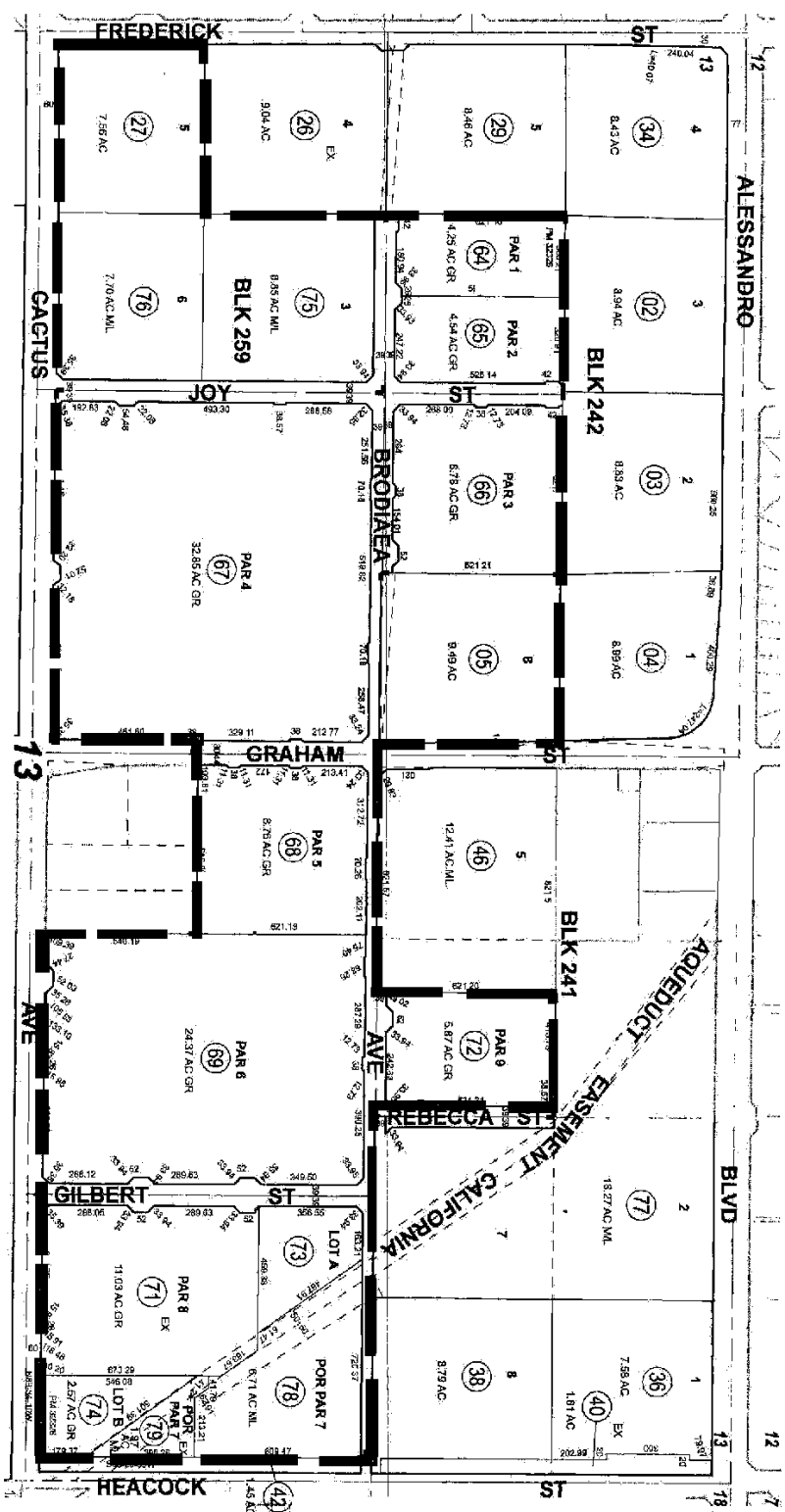
Exempt Property

Assessor's Parcel #	Estimated Lot Area (Sq. Ft.)
71	480,467
73	122,839
74	111,949
79	59,677

Total: 774,932

LEGEND

CFD Boundary



ASSESSOR'S PARCEL MAP 297-17

RESOLUTION NO. 2010-107

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 4 – INFRASTRUCTURE OF THE CITY OF MORENO VALLEY, DECLARING THE RESULTS OF A SPECIAL ELECTION IN SUCH COMMUNITY FACILITIES DISTRICT

WHEREAS, the CITY COUNCIL of the CITY OF MORENO VALLEY, CALIFORNIA (the “City Council”), previously undertook proceedings to form and did form a community facilities district pursuant to the terms and provisions of the “Mello-Roos Community Facilities Act of 1982,” being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”), such community facilities district designated as Community Facilities District No. 4 - Infrastructure of the City of Moreno Valley (the “Original District”); and,

WHEREAS, as a result of the formation of the Original District and the approval by the qualified electors of the Original District, special taxes are authorized to be levied within the Original District pursuant to the rate and method of apportionment thereof (the “Original District Rate and Method”); and

WHEREAS, the City Council did also previously conduct proceedings to annex certain territory (“Annexation Area No. 1”) to the Original District; and

WHEREAS, as a result of the annexation of Annexation No. 1 to the Original District (the Original District and Annexation No. 1 are referred to collectively herein as the “District”) and the approval by the qualified electors of Annexation No. 1, special taxes are authorized to be levied within Annexation No. 1 pursuant to the rate and method of apportionment thereof (the “Annexation Area No. 1 Rate and Method”); and

WHEREAS, the City Council, acting as the legislative body of the District and at the request of the owners of the property within the District, initiated proceedings pursuant to the Act to modify and amend the Original District Rate and Method and the Annexation No. 1 Rate and Method as reflected in an Amended and Restated Rate and Method of Apportionment for Community Facilities District No. 4 – Infrastructure of the City of Moreno Valley (the “Amended and Restated Rate and Method”) that shall apply to the entire District; and

WHEREAS, this City Council did, as part of such proceedings, call for and order to be held an election to submit to the qualified electors of the District a proposition to authorize the levy of special taxes within the District pursuant to the Amended and Restated Rate and Method; and

WHEREAS, at this time said election has been held and the measure voted upon and such measure did receive the favorable 2/3's vote of the qualified electors, and this

City Council desires to declare the results of the election in accordance with the provisions of the Elections Code of the State of California.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Moreno Valley, acting in its capacity as the legislative body of Community Facilities District No. 4 - Infrastructure, as follows:

Section 1. The above recitals are all true and correct.

Section 2. This City Council hereby receives and approves the CERTIFICATE OF ELECTION OFFICIAL AND STATEMENT OF VOTES CAST (the "Election Certificate"), as submitted by the City Clerk, acting in her capacity as the Election Official, such Election Certificate setting forth the number of votes cast in the election, the measure voted upon, and the number of votes given for and/or against the measure voted upon. A copy of such Election Certificate is attached hereto, marked Exhibit "A," referenced and so incorporated.

Section 3. The City Clerk is hereby directed, pursuant to the provisions of the Elections Code of the State of California, to enter in the minutes the results of the election as set forth in such Election Certificate.

APPROVED AND ADOPTED this 14th day of December, 2010.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

RESOLUTION JURAT

[Clerk's Office will prepare]

[Note: Any attachments or exhibits to this resolution should follow this jurat.]

EXHIBIT "A"

**CERTIFICATE OF ELECTION OFFICIAL
AND STATEMENT OF VOTES CAST**

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF MORENO VALLEY)

The undersigned, ELECTION OFFICIAL OF THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DOES HEREBY CERTIFY that pursuant to the provisions of Section 53326 of the Government Code and Division 12, commencing with Section 17000 of the Elections Code of the State of California, I did canvass the returns of the votes cast at the

COMMUNITY FACILITIES DISTRICT NO. 4 – INFRASTRUCTURE
OF THE CITY OF MORENO VALLEY
SPECIAL ELECTION

in said City, held December 14, 2010.

I FURTHER CERTIFY that this Statement of Votes Cast shows the whole number of votes cast in said District in said City, and the whole number of votes cast for the Measure in said District in said City, and the totals as shown for the Measure are full, true and correct.

- 1. Total number of votes cast in such election: _____
- 2. VOTES CAST ON PROPOSITION A: YES _____
 NO _____

WITNESS my hand this _____ day of _____, 2010.

CITY CLERK
ELECTION OFFICIAL
CITY OF MORENO VALLEY
STATE OF CALIFORNIA

ORDINANCE NO. 821

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 4 - INFRASTRUCTURE OF THE CITY OF MORENO VALLEY, AUTHORIZING THE LEVY OF A SPECIAL TAX IN SUCH COMMUNITY FACILITIES DISTRICT PURSUANT TO AN AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SUCH SPECIAL TAX AND REPEALING ORDINANCE NOS. 696 AND 765

WHEREAS, the City Council of the City of Moreno Valley, California (the "City Council"), initiated proceedings pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982", being Chapter 2.5, Part 1. Division 2, Title 5 of the Government Code of the State of California (the "Act"), to form a community facilities district designated as Community Facilities District No. 4 - Infrastructure of the City of Moreno Valley (the "Original District"), held a public hearing pertaining to the District and the levy of special taxes within the Original District, conducted an election and received a favorable vote from the qualified electors of the Original District authorizing the levy of special taxes therein pursuant to the rate and method of apportionment thereof (the "Original District Rate and Method"); and

WHEREAS, the City Council subsequently adopted Ordinance No. 696 authorizing the levy of special taxes within the Original District pursuant to the Original District Rate and Method; and

WHEREAS, the City Council did also previously conduct proceedings to annex certain territory ("Annexation Area No. 1") to the Original District, held a public hearing pertaining to such annexation and the levy of special taxes in Annexation No. 1, conducted an election and received a favorable vote from the qualified electors of Annexation No. 1 authorizing the levy of special taxes therein pursuant to the rate and method of apportionment thereof (the "Annexation Area No. 1 Rate and Method") and annexed Annexation No. 1 to the Original District (the Original District and Annexation No. 1 are referred to collectively herein as the "District"); and

WHEREAS, the City Council subsequently adopted Ordinance No. 765 authorizing the levy of special taxes within Annexation No. 1 pursuant to the Annexation No. 1 Rate and Method; and

WHEREAS, the City Council, at the request of the owners of the property within the District, initiated proceedings to modify the Original District Rate and Method and the Annexation No. 1 Rate and Method as reflected in an Amended and Restated Rate and Method of Apportionment for Community Facilities District No. 4 – Infrastructure of the City of Moreno Valley as set forth in Exhibit "A" attached hereto and incorporated herein by this reference (the "Amended and Restated Rate and Method") that shall apply to the entire District, all as authorized pursuant to the Act;

WHEREAS, as a part of such proceedings, the City Council held a public hearing pertaining to the proposed modifications of the special taxes authorized to be levied within the District, conducted an election and received a favorable vote from the qualified electors authorizing the levy of special taxes in the District pursuant to the Amended and Restated Rate and Method.

THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 4 – INFRASTRUCTURE OF THE CITY OF MORENO VALLEY, DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. This City Council does, by the passage of this ordinance, authorize the levy of special taxes on taxable properties located in the District pursuant to the Amended and Restated Rate and Method.

Section 2. This City Council, acting as the legislative body of the District, is hereby further authorized, by Resolution, to annually determine the special tax to be levied within the District for the then current tax year or future tax years; provided, however, the special tax to be levied shall not exceed the maximum special tax authorized to be levied pursuant to the Amended and Restated Rate and Method.

Section 3. The special taxes herein authorized to be levied, to the extent possible, shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes; provided, however, the District may utilize a direct billing procedure for any special taxes that cannot be collected on the County tax roll or may, by resolution, elect to collect the special taxes at a different time or in a different manner if necessary to meet its financial obligations.

Section 4. The special taxes authorized to be levied shall be secured by the lien imposed pursuant to Sections 3114.5 and 3115.5 of the Streets and Highways Code of the State of California, which lien shall be a continuing lien and shall secure each levy of the special tax. The lien of the special tax shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied and canceled in accordance with Section 53344 of the Government Code of the State of California or until the special tax ceases to be levied by the City Council in the manner provided in Section 53330.5 of said Government Code.

Section 5. Ordinance Nos. 696 and 765 shall be repealed upon the effective date of this ordinance.

Section 6. A full reading of this Ordinance is hereby waived. This Ordinance shall be effective thirty (30) days after its adoption. Within fifteen (15) days after its adoption, the City Clerk shall cause this Ordinance to be published in a newspaper of general circulation in the City.

This ordinance shall take effect thirty days after the date of its adoption.

APPROVED AND ADOPTED THIS _____ day of _____, 2010.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

ORDINANCE JURAT

[Clerk's Office will prepare]

[Note: Any attachments or exhibits to this resolution should follow this jurat.]

Amended and Restated Rate and Method of Apportionment

**AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT
FOR
COMMUNITY FACILITIES DISTRICT NO. 4 - INFRASTRUCTURE
OF THE CITY OF MORENO VALLEY**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property in Community Facilities District No. 4 – Infrastructure of the City of Moreno Valley (“CFD No. 4-I”) and collected each Fiscal Year commencing in Fiscal Year 2010-11, in an amount determined by the City Council through the application of the appropriate Special Tax for “Developed Property,” “Undeveloped Property,” “Taxable Property Owner Association Property,” and “Taxable Public Property” as described below. All of the real property in CFD No. 4-I shall be taxed for the purposes, to the extent and in the manner herein provided, except property defined as Exempt Property and subject to Section E below.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

“**Administrative Expenses**” means the following actual or reasonably estimated costs directly related to the administration of CFD No. 4-I: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 4-I or any designee thereof of complying with arbitrage rebate requirements including, but not limited to, any rebate obligation; the costs to the City, CFD No. 4-I or any designee thereof of complying with disclosure requirements of the City, and /or CFD No. 4-I associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 4-I or any designee thereof related to any appeal of the Special Tax; the costs associated with the release of funds from an escrow or appeals account, including appraisal costs; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 4-I for any other administrative purposes of CFD No. 4-I, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

“**Annual Special Tax Requirement**” means that amount required in any Fiscal Year for CFD No. 4-I to pay the sum of: (i) debt service on all Outstanding Bonds; (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Bonds issued or to be issued by CFD No. 4-I; and (v) any amounts required for the acquisition or construction of facilities eligible under the Act, provided that

Amended and Restated Rate and Method of Apportionment

the inclusion of such amount does not cause an increase in the levy of Special Taxes on Undeveloped Property. In arriving at the Annual Special Tax Requirement, the CFD Administrator shall take into account the reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and shall give a credit for funds available to reduce the Special Tax levy.

“Assessor’s Parcel” means a parcel shown in an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number (APN).

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

“Building Permit” means a permit for new construction for a structure. For purposes of this definition, “Building Permit” shall not include permits for construction of perimeter fencing, parking lot, wet and dry utility improvements, screening, landscaping, site lighting, required site-related storm water improvements, or other such improvements not intended for occupancy, with the exception of a guard shack, or similar ancillary structure.

“Bonds” means any binding obligation including bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 4-I under the Act.

“CFD Administrator” means the Special Districts Division Manager of the City of Moreno Valley, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 4-I” means Community Facilities District No. 4 – Infrastructure of the City of Moreno Valley.

“City” means the City of Moreno Valley.

“City Council” means the City Council of the City, acting as the legislative body of CFD No. 4-I.

“County” means the County of Riverside.

“Developed Property” means all Assessor’s Parcels of Taxable Property for which Building Permits were issued on or before June 1 preceding the Fiscal Year for which Special Taxes are being levied..

“Exempt Property” means any property not subject to Special Tax as described under Section E, herein.

“Final Map” means a final map, parcel map, lot line adjustment, or other map approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots for which building permits may be issued.

Amended and Restated Rate and Method of Apportionment

“**Fiscal Year**” means the period starting July 1 and ending on the following June 30.

“**Indenture**” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“**Land Area**” means the square footage of land, excluding rights-of-way, as shown on the applicable Final Map or condominium map or if the square footage is not shown on said map, the square footage of an Assessor’s Parcel as shown on an Assessor’s Parcel Map. If the area is presented in acreage, then the square footage equals the acreage multiplied by 43,560 (square footage per acre). Exhibit 1, attached herein, provides an estimate of the taxable Land Area by Assessor’s Parcel.

“**Maximum Annual Special Tax**” means the maximum Special Tax, determined in accordance with Section C, that can be levied in any Fiscal Year on any Assessor’s Parcel.

“**Outstanding Bonds**” means all Bonds that are deemed to be outstanding under the Indenture.

“**Property Owner Association Property**” means, for each Fiscal Year, (i) any Assessor’s Parcel within the boundaries of CFD No. 4-I for which the owner of record, as determined from the County Assessor’s secured tax roll for the Fiscal Year in which the Special Tax is being levied, is a property owner’s association, including any master or sub-association, or (ii) any property located in a Final Subdivision that was recorded as of the January 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street.

“**Proportionately**” means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor’s Parcels of Undeveloped Property. The term "Proportionately" may similarly be applied to other categories of Taxable Property as listed in Section E below. Notwithstanding the above, Assessor’s Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by their delinquency.

“**Public Property**” means, for each Fiscal Year, any Assessor’s Parcel within the boundaries of CFD No. 4-I that is (i) owned by, irrevocably offered or dedicated to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement.

Amended and Restated Rate and Method of Apportionment

“**Special Tax**” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property and Undeveloped Property to fund the Annual Special Tax Requirement.

“**State**” means the State of California.

“**Taxable Property**” means all of the Assessor's Parcels within the boundaries of CFD No. 4-I, which are not classified as Exempt Property from the Special Tax pursuant to law or Section E, herein, or for which the Special Tax obligation has been prepaid in full per Section G, herein.

“**Taxable Property Owner Association Property**” means Property Owner Association Property that is subject to the levy of the Special Tax pursuant to Section E below.

“**Taxable Public Property**” means Public Property that is subject to the levy of the Special Tax pursuant to Section E below.

“**Trustee**” means the trustee, fiscal agent, or paying agent under the Indenture.

“**Undeveloped Property**” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property, or Taxable Public Property.

B. CLASSIFICATION OF PROPERTIES

Each Fiscal Year, all Property within CFD No. 4-I shall be classified as Developed Property, Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property or Exempt Property and shall be subject to Special Taxes in accordance with the Rate and Method of Apportionment determined pursuant to Sections C and D.

C. SPECIAL TAX RATE

Maximum Annual Special Tax

The Maximum Annual Special Tax for each Assessor’s Parcel of Developed Property, Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property shall be \$0.1924 per square foot of Land Area for Fiscal Year 2010-11, and shall increase thereafter, commencing on July 1, 2011 and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2%) of the Maximum Annual Tax for the previous Fiscal Year.

Once classified as Developed Property, a parcel may not be subsequently re-classified as Undeveloped Property.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2010-11 and for each following Fiscal Year, the City Council shall levy the Special Tax until the amount of Special Taxes levied equals the Annual Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

Amended and Restated Rate and Method of Apportionment

Step 1 - The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Annual Special Tax for Developed Property.

Step 2 - If additional monies are needed to satisfy the Annual Special Tax Requirement, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the applicable Maximum Annual Special Tax for Undeveloped Property.

Step 3 - If additional monies are needed to satisfy the Annual Special Tax Requirement, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property.

Step 4 - If additional monies are needed to satisfy the Annual Special Tax Requirement, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property.

E. EXEMPTIONS

Provided that no such classification would reduce the Land Area of Taxable Property to less than 5,427,292 square feet, the CFD Administrator shall classify as Exempt Property: (i) Public Property; and (ii) Property Owner Association Property. Such minimum square footage shall be subject to reduction by the CFD Administrator should the Special Tax obligation for an Assessor's Parcel be paid off in full or in part per Section G, herein.

The CFD Administrator shall classify property as Exempt Property in the chronological order that such property qualifies to be classified as such.

All or any portion of an Assessor's Parcel in CFD No. 4-I that is transferred to a public agency or property owner's association that reduces the square footage of the total Land Area of Taxable Property to less than 5,427,292 square feet, or the minimum square footage as reduced by the CFD Administrator as specified above in this Section E, shall not be exempt from the Special Tax and shall instead require a prepayment of the Special Tax obligation for the excess portion of such Assessor's Parcel pursuant to Section G below to eliminate the necessity of levying an annual Special Tax on such excess portion of such Assessor's Parcel. The full or partial prepayment of the Special Tax for such Assessor's Parcel shall occur prior to the transfer of the Assessor's Parcel to a public agency or property owner association.

In the event that the Special Tax obligation applicable to the excess portion of an Assessor's Parcel is not prepaid as specified in the preceding paragraph, Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Land Area of Taxable Property to less than 5,427,292 square feet, or the minimum square footage as reduced by the CFD Administrator as specified above in this Section E, will be classified as Taxable Public Property or Taxable Property Owner Association Property, as applicable, and will continue to be subject to Special Taxes accordingly. If the use of an Assessor's Parcel classified as Exempt Property changes so that such Assessor's Parcel is no longer classified as

Amended and Restated Rate and Method of Apportionment

one of the uses that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be classified as Taxable Property.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 4-I may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. PREPAYMENT OF SPECIAL TAX

The following definitions apply to Section G, herein.

"CFD Public Facilities" means those public facilities authorized to be financed by CFD No. 4-I.

"CFD Public Facilities Costs" means either \$12.5 million or such lower number as shall be determined either by (a) the CFD Administrator as sufficient to finance the CFD Public Facilities, or (b) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be secured by Special Taxes levied under this Amended and Restated Rate and Method of Apportionment.

"Construction Fund" means the fund as identified in the Indenture, which is used to disburse funds to pay the cost and acquisition of public improvements funded with the bond proceeds or Special Taxes.

"Future Facilities Costs" means the CFD Public Facilities Costs minus: (a) the portion of the CFD Public Facilities Costs previously funded (i) from the proceeds of all previously issued Bonds, (ii) from interest earnings on the Construction Fund actually earned prior to the date of prepayment and (iii) directly from Special Tax revenues; and (b) the amount of the proceeds of all previously issued Bonds then on deposit in the Construction Fund.

"Previously Issued Bonds" means all Outstanding Bonds that have been issued prior to the date of the prepayment which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes.

Prepayment of a Special Tax in Part or in Full

The Special Tax obligation applicable to an Assessor's Parcel may be prepaid at any time and the obligation of such Assessor's Parcel to pay any Special Tax may be fully or partially satisfied as described herein. The CFD Administrator may charge a reasonable fee for calculation of the Prepayment Amount as defined below.

Amended and Restated Rate and Method of Apportionment

1. Prepayment in Full

The Maximum Annual Special Tax obligation may be prepaid and permanently satisfied for any Assessor's Parcel. The Maximum Annual Special Tax obligation applicable to such Assessor's Parcel may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Maximum Annual Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this figure.

The Prepayment Amount (defined below) shall be calculated as follows (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Prepayment Fees and Expenses
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. Compute the Maximum Annual Special Tax for the Assessor's Parcel to be prepaid.
3. Divide the Maximum Annual Special Tax computed pursuant to paragraph 2 by the sum of the total expected Maximum Annual Special Tax revenues that may be levied within CFD No. 4-I, excluding any Assessors Parcels for which the Maximum Annual Special Tax obligation has been previously prepaid.
4. Multiply the quotient computed pursuant to paragraph 3 by the principal amount of Outstanding Bonds to compute the amount of Previously Issued Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Previously Issued Bonds to be redeemed (the "Redemption Premium").

Amended and Restated Rate and Method of Apportionment

6. If all the Bonds authorized to be issued have not been issued, compute the Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be allocated to such Assessor's Parcel (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Previously Issued Bonds.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Fees and Expenses (defined below) from the date of prepayment until the redemption date for the Previously Issued Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. The administrative fees and expenses of CFD No. 4-I are as calculated by the CFD Administrator and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 4-I Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Fees and Expenses").
13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of:
(a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Previously Issued Bonds as a result of the prepayment; or
(b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Previously Issued Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. No Reserve Fund Credit shall be granted if the amount then on deposit in the reserve fund for the Previously Issued Bonds is below 100% of the reserve fund requirement (as defined in the Indenture).
14. If any capitalized interest for the Previously Issued Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected

Amended and Restated Rate and Method of Apportionment

balance in the capitalized interest fund after such first interest and/or principal payment (the “Capitalized Interest Credit”).

15. The Maximum Annual Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the “Prepayment Amount”).
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, 13, and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited in the Construction Fund.

If the Prepayment Amount is insufficient to redeem Bonds in \$5,000 increments, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year’s Special Tax levy as determined under paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year’s Special Tax levy for such Assessor’s Parcel from the County tax rolls. With respect to any Assessor’s Parcel that is prepaid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Special Taxes, net of Administrative Expenses, that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.10 times the maximum annual debt service on all Outstanding Bonds.

Tenders of Bonds in prepayment of Special Taxes may be accepted upon the terms and conditions established by the City Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the City Council.

2. Prepayment in Part

The Maximum Annual Special Tax obligation of an Assessor’s Parcel may be partially prepaid. The amount of the prepayment shall be calculated as in Section G.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E \times F) + A$$

These terms have the following meaning:

PP = the partial prepayment

Amended and Restated Rate and Method of Apportionment

- P_E = the Prepayment Amount calculated according to Section G.1, minus Prepayment Fees and Expenses pursuant to paragraph 12 of Section G.1.
- F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Annual Special Tax obligation.
- A = the Prepayment Fees and Expenses pursuant to paragraph 12 of Section G.1.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Annual Special Tax obligation shall notify the CFD Administrator of: (i) such owner's intent to partially prepay the Maximum Annual Special Tax obligation, (ii) the percentage by which the Maximum Annual Special Tax obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if applicable. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Maximum Annual Special Tax obligation for an Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall: (i) distribute the funds remitted to it according to paragraph 16 of Section G.1, and (ii) indicate in the records of CFD No. 4-I that there has been a partial prepayment of the Maximum Annual Special Tax obligation and that a portion of the Maximum Annual Special Tax obligation equal to the outstanding percentage $(1.00 - F)$ of the remaining Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

H. TERM OF SPECIAL TAX

The Special Tax shall be levied on each Assessor's Parcel of Developed Property, Taxable Property Owner Association Property and Taxable Public Property for a period not to exceed 40 years from the Fiscal Year in which the Special Tax is first levied on such Assessor's Parcel as Developed Property, Taxable Property Owner Association Property or Taxable Public Property. The Special Tax shall be levied on Undeveloped Property indefinitely or until such time that all debt service necessary to retire the Bonds is paid in full.

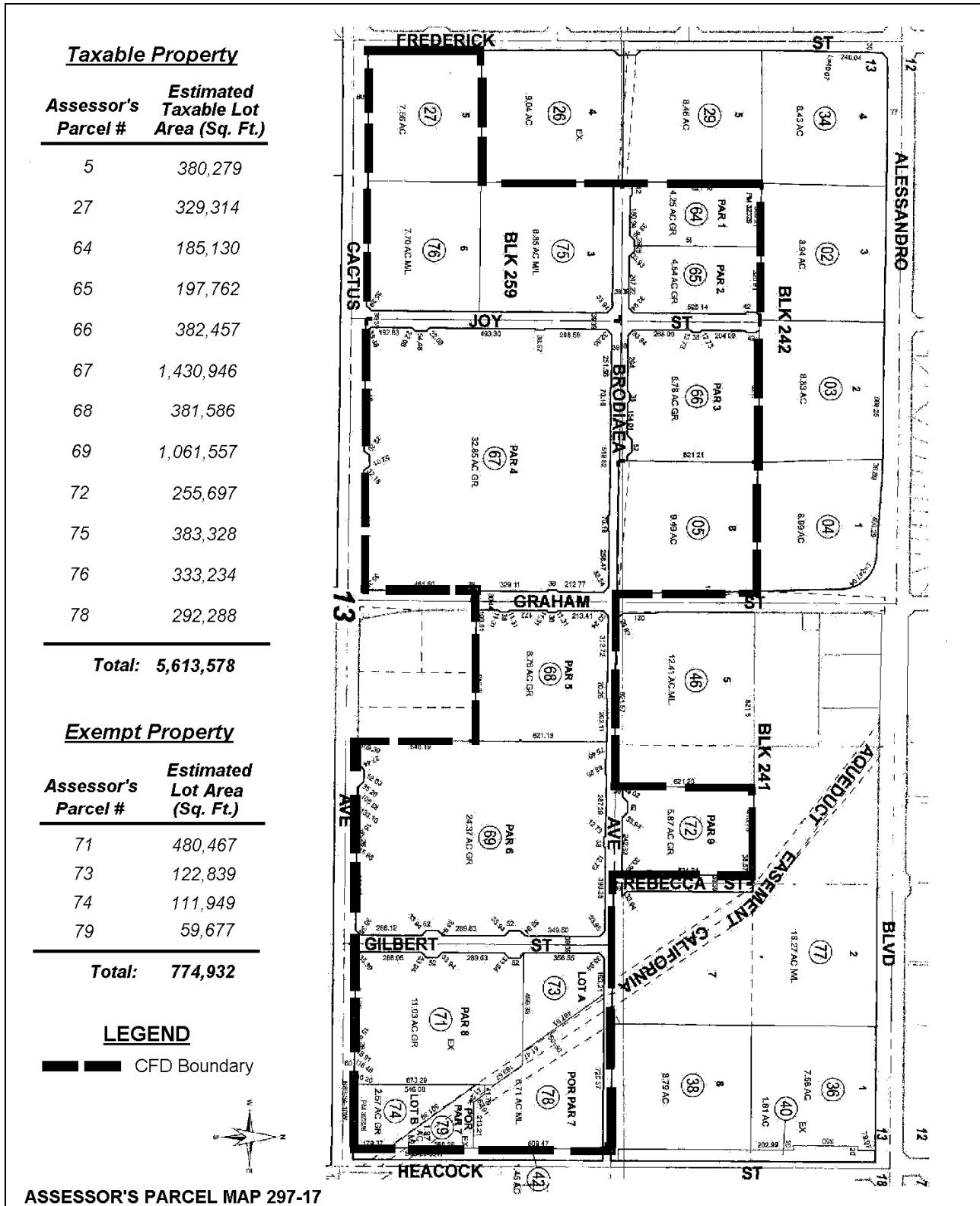
I. APPEALS

Any landowner who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error may submit a written appeal to CFD No. 4-I. The CFD Administrator shall review the appeal and if the CFD Administrator concurs, the amount of the Special Tax levied shall be appropriately modified.

The City Council may interpret this Amended and Restated Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner appeals. Any decision of the City Council shall be final and binding as to all persons.

Amended and Restated Rate and Method of Apportionment

Exhibit 1



This page intentionally left blank.



Updated Community Facilities District Report

for the

Community Facilities District No. 4 - Infrastructure of the City of Moreno Valley

October 7, 2010

1
ATTACHMENT 4

-171-

Item No. E.1

UPDATED COMMUNITY FACILITIES DISTRICT REPORT

Table of Contents

	<u>Page</u>
I. Introduction.....	1
II. Project Description	2
III. Description of Facilities.....	3
IV. Cost Estimate	4
V. Bonded Indebtedness and Incidental Expenses.....	5
VI. Amended and Restated Rate & Method of Apportionment of the Special Tax..	6
VII. Boundaries of CFD No. 4-I	8
VIII. Certification	9

Exhibit A – Boundary Map

Exhibit B – Rate and Method of Apportionment

Exhibit C – Property Owner List

UPDATED COMMUNITY FACILITIES DISTRICT REPORT

I. Introduction

WHEREAS, the City Council of the City of Moreno Valley (hereinafter referred to as the “City Council”), pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (hereinafter referred to as the “Act”) did establish its intention to form a community facilities district, consisting of the territory described in Exhibit A, and did expressly order the filing of a written “Report” with the City Council acting as the legislative body for the proposed community facilities district. This community facilities district shall hereinafter be referred to as Community Facilities District No. 4-Infrastructure of the City of Moreno Valley (CFD No. 4-I); and

WHEREAS the City Council did establish CFD No. 4-I of the City of Moreno Valley (the “Original District”) on October 25, 2005, by the adoption of Resolution No. 2005-94 (the “Resolution of Formation”) by the City Council to include such property for the purpose of financing certain authorized public facilities as described in the Resolution of Formation (the “Facilities”); and

WHEREAS, at such election, the qualified electors of the Original District voted to approve the levy of such special taxes and on November 8, 2005, the City Council adopted Ordinance No. 696 (the “Ordinance”) authorizing the levy of special taxes on taxable properties located in the Original District pursuant to the rate and method of apportionment thereof (“Original District Rate and Method) ; and

WHEREAS, in 2007 the City Council, at the request of Ridge Moreno Valley, LLC, the owner of certain territory located within the City and adjacent to the Original District, initiated proceedings to annex such territory to the Original District (“Annexation Area No. 1”) and to authorize the levy of special taxes within Annexation Area No. 1 pursuant to the rate and method of apportionment thereof (the “Annexation Area No. 1 Rate and Method”); and

WHEREAS, on January 22, 2008, the City Council adopted Ordinance No. 765 (“Annexation Area No. 1 Ordinance”) authorizing the levy of special taxes on taxable properties located in Annexation Area No. 1 pursuant to the Annexation Area No. 1 Rate and Method; and

WHEREAS, the current owners of the territory within CFD No. 4-I have requested that the City Council, acting as the legislative body of CFD No. 4-I, initiate proceedings to consider modifications to the Original District Rate and Method and the Annexation Area No. 1 Rate and Method; and

WHEREAS, on November 9, 2010, the Resolution of Intention, Resolution No. 2010-___, of the City of Moreno Valley to consider modifications to the Original District Rate and Method and the Annexation Area No. 1 Rate and Method with respect to CFD No. 4-I by approving an “Amended and Restated Rate and Method of Apportionment;” and

WHEREAS, this Updated Community Facilities District Report is intended to update the original report dated October 17, 2005 and approved by the City Council by the adoption of the Resolution of Formation.

NOW, THEREFORE, I, Joan E. Cox, PE, authorized representative of Harris & Associates, pursuant to the provisions of the Act, do hereby submit the following updated report.

UPDATED COMMUNITY FACILITIES DISTRICT REPORT

II. Project Description

Pursuant to land use entitlements approved by the City of Moreno Valley (the “City”), Ridge Moreno Valley, LLC and Ridge Moreno Valley II, LLC (collectively the “Developer”) are in the process of constructing a business park. The City has formed CFD No. 4-I for the purpose of financing certain infrastructure and public facilities.

CFD No. 4-I encompasses approximately 6,388,510 square feet of land and has been formed to finance the acquisition and/or construction of various public street, traffic signal, utilities, drainage, median landscaping and appurtenant structures and facilities as described in Section III.

UPDATED COMMUNITY FACILITIES DISTRICT REPORT

III. Description of Facilities

Facilities

A community facilities district may provide for the purchase, construction, expansion or rehabilitation of any real or other tangible property with an estimated useful life of five (5) years or longer which is necessary to meet increased demands placed upon local agencies as a result of development occurring within a community facilities district.

The Facilities described in this updated Report are all facilities which the City is authorized to own, construct, or finance, and which are required to adequately meet the needs of CFD No. 4-I.

The Facilities for CFD No. 4-I include all or a portion of design, construction, indirect costs and administration relating to the following public improvements associated with the development.

1. Street improvements
2. Street lighting
3. Traffic Signals
4. Drainage improvements
5. Median landscaping
6. Electric Utility Improvements
7. Appurtenant Structures and Facilities

The construction of all Facilities has been completed.

UPDATED COMMUNITY FACILITIES DISTRICT REPORT

IV. Cost Estimate

The cost estimate for the Facilities described in Section III is set forth below. The actual cost of the Facilities to be financed will ultimately be determined in accordance with the Acquisition/Financing Agreement between the City and Developer.

Community Facilities District No. 4-I Budget

	Estimated Actual Costs
Hard Costs:	
Cactus Avenue	\$2,763,665
Frederick St. to Graham St.	
Graham St. to Heacock St.	
Brodiaea Avenue	\$2,838,358
Frederick St. to Graham St.	
Graham St. to Heacock St.	
Graham Street	\$383,644
Joy Street	\$597,549
Gilbert Street	\$561,937
Rebecca Street	\$351,211
Box Culvert (Heacock/Brodiaea)	\$817,674
Subtotal Hard Costs:	\$8,314,038
Soft Costs:	
Civil Engineering	
Street Improvements	\$483,000
Traffic Signals	\$38,410
Construction Staking	\$167,354
Landscape Architect	\$6,112
Fullmer Management Services	\$433,356
Plan Check/Permits	\$1,248,491
Project Management	\$261,071
Soil Testing	\$41,049
Subtotal Soft Costs:	\$2,678,843
Subtotal Hard and Soft Costs:	\$10,992,881
Dry Utilities Costs	
Dry Utilities Hard Costs	\$2,524,065
Dry Utilities Soft Costs	\$36,654
Subtotal Dry Utility Costs:	\$2,560,719
Less reduction to bring to 5% of Hard and Soft Cost Subtotal	(\$2,011,075)
Subtotal Dry Utilities Costs Reimbursable through Bond Funds:	\$549,644
Total Reimbursable Project Costs:	\$11,542,525

It should be noted that the Facilities cost estimates include all indirect costs such as project management, design engineering, right-of-way engineering, soils engineering and testing, plan checking, permits, fees, advertisement and award costs and inspections. Actual costs may differ from the amounts shown, which are estimates only and are not intended to be maximum limits in what may be expended.

UPDATED COMMUNITY FACILITIES DISTRICT REPORT

V. Bonded Indebtedness and Incidental Expenses

A. Projected Bond Sales

The maximum authorized bonded indebtedness for CFD No. 4-I is \$16,000,000.

B. Incidental Bond Issuance Expenses to be included in the Proposed Bonded Indebtedness

Pursuant to Section 53345.3 of the Act, bonded indebtedness may include all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which the proposed debt is to be incurred, including, but not limited to, the costs of legal, fiscal, and financial consultant fees; bond and other reserve funds; discount fees; interest on any bonds of the district due and payable prior to the expiration of one year from the date of completion of the facilities, not to exceed two years; election costs; and all cost of issuance of the bonds, including, but not limited to, fees for bond counsel, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit, reimbursement for developer advances for CFD No. 4-I formation and modification proceedings, and other credit enhancement costs, and printing costs. For the bonds proposed to be issued by CFD No. 4-I, capitalized interest is estimated for up to 18 months, the reserve fund is equal to the highest debt service payment in any year, and all other incidental bond issuance expenses at approximately 10.0 percent of the face amount of the bonds.

C. Incidental Expenses to be Included in the Annual Levy of Special Taxes

Pursuant to Section 53340 of the Act, the proceeds of any special tax may only be used to pay, in whole or part, the cost of providing public facilities, services and incidental expenses. As defined by the Act, incidental expenses include, but are not limited to, the cost of planning and designing public facilities to be financed, including the cost of environmental evaluations of those facilities; the costs associated with the creation of the district, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the district; any other expenses incidental to the construction, completion, and inspection of the authorized work; and the retirement of existing bonded indebtedness. While the actual cost of administering CFD No. 4-I may vary, it is anticipated that the amount of special taxes which can be collected will be sufficient to fund at least \$30,000 in annual administrative expenses.

UPDATED COMMUNITY FACILITIES DISTRICT REPORT

**VI. Amended and Restated
Rate and Method of Apportionment of the Special Tax**

All of the property located within CFD No. 4-I, unless exempted by law or by the Amended and Restated Rate and Method of Apportionment, shall be taxed for the purpose of providing the Facilities to serve CFD No. 4-I. Pursuant to Section 53325.3 of the Act, the tax imposed “is a Special Tax and not a special assessment, and there is no requirement that the tax be apportioned on the basis of benefit to any property.” The Special Tax “may be based on benefit received by parcels of real property, the cost of making facilities or authorized services available to each parcel or other reasonable basis as determined by the legislative body,” although the Special Tax may not be apportioned on an ad valorem basis pursuant to Article XIII A of the California Constitution.

As shown in Exhibit B, the Amended and Restated Rate and Method of Apportionment shown in the Resolution of Intention provides information sufficient to allow each property owner within CFD No. 4-I to estimate the maximum annual Special Tax he or she will be required to pay. Sections A through D, below, provide additional information on the Amended and Restated Rate and Method of Apportionment of the Special Tax for CFD No. 4-I, as is proposed to be adopted in the resolution making determinations and authorizing the submittal of a measure to authorize the levy of special taxes pursuant to the Amended and Restated Rate and Method of Apportionment to the qualified electors of CFD No. 4-I. Please note that all capitalized terms used herein, unless otherwise indicated, shall have the meanings defined in the Amended and Restated Rate and Method of Apportionment.

A. Explanation for Special Tax Apportionment

When a community facilities district (a “CFD”) is formed, a special tax may be levied on each parcel of taxable property within the CFD to pay for the construction, acquisition and rehabilitation of public facilities, to pay for authorized services or to repay bonded indebtedness or other related expenses incurred by the CFD. This special tax must be apportioned in a reasonable manner; however, the tax may not be apportioned on an ad valorem basis.

When more than one type of land use is present within a CFD, several criteria may be considered when apportioning the special tax. Generally, criteria based on building square footage, acreage, and land use are selected, and categories based on such criteria are established to differentiate between parcels of property. These categories are a direct result of the projected product mix, and are reflective of the proposed land use types within that CFD. Specific special tax levels are assigned to each land use class, with all parcels within a land use class assigned the same special tax rate.

The Facilities to be funded by CFD No. 4-I are generally offsite public infrastructure improvements. These improvements include streets, street lights, median landscaping, drainage improvements, electric utilities and appurtenant facilities required for the orderly development of the commercial property within CFD No. 4-I. Each property will benefit from the improvements in several ways: 1) traffic circulation, 2) site access, 3) access to public utilities, and 4) control of localized storm waters. The special tax can be apportioned using several different factors related to each property, including density, land area, traffic generation, and building square footage.

UPDATED COMMUNITY FACILITIES DISTRICT REPORT

Based on the types of public facilities that are proposed for CFD No. 4-I and the factors described above, the Special Taxes assigned are generally proportionate to commercial acreage and the relative benefits received by that acreage in support of the business park. Accordingly, the Special Taxes in CFD No. 4-I can be considered fair and reasonable.

B. Maximum Special Tax Rates

The Maximum Annual Special Tax for Taxable Property has been established by the Amended and Restated Rate and Method of Apportionment at \$0.1924 per square foot of land area and this Maximum Annual Tax Rate will increase by two percent (2%) each year, commencing on July 1, 2011. The Maximum Special Taxes for Taxable Property cannot exceed this established rate.

Each year, the City Council shall levy the Special Tax, subject to the methodology and Maximum Special Taxes set forth in the Amended and Restated Rate and Method of Apportionment, in an amount sufficient to meet the Special Tax Requirement.

C. Accuracy of Information

In order to establish the Maximum Annual Special Tax rate for Taxable Property, as set forth in the Amended and Restated Rate and Method of Apportionment for CFD No. 4-I, the Special Tax Consultant has relied on information including, but not limited to, land use types and net taxable acreage which were provided to the Special Tax Consultant by others. The Special Tax Consultant did not independently verify such data and disclaims responsibility for the impact of inaccurate data provided by others, if any, on the Rate and Method of Apportionment for CFD No. 4-I, including the inability to meet the financial obligations of CFD No. 4-I.

UPDATED COMMUNITY FACILITIES DISTRICT REPORT

VII. Boundaries of CFD No. 4-I

The boundaries of CFD No. 4-I include all land on which special taxes may be levied. A copy of the Boundary Map for CFD No. 4-I and Annexation Map No. 1 to CFD No. 4-I are included as Exhibit A.

UPDATED COMMUNITY FACILITIES DISTRICT REPORT

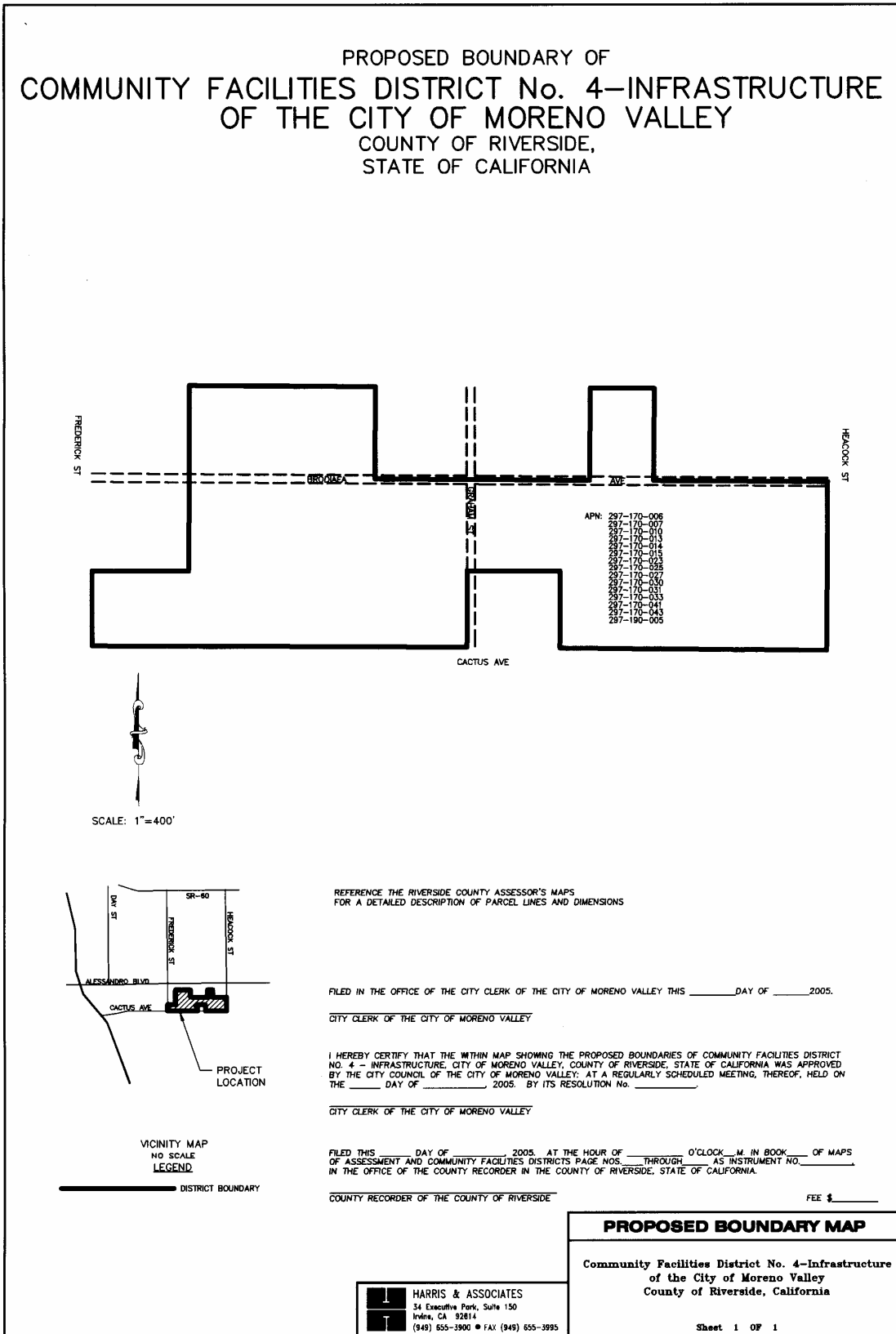
VIII. Certification

Based on the information provided herein, it is my opinion that the Facilities described herein are necessary to meet increased demands placed upon the City of Moreno Valley as a result of development occurring within the boundaries of CFD No. 4-I and benefit the lands within said CFD No. 4-I. Further, it is my opinion that the special tax rates and method of apportionment, as set forth herein, are fair and equitable, uniformly applied and not discriminatory nor arbitrary.

Dated: October 7, 2010

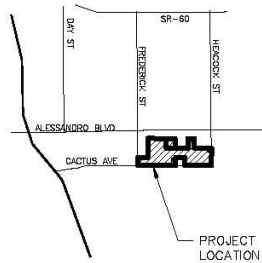
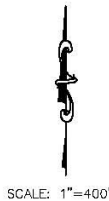
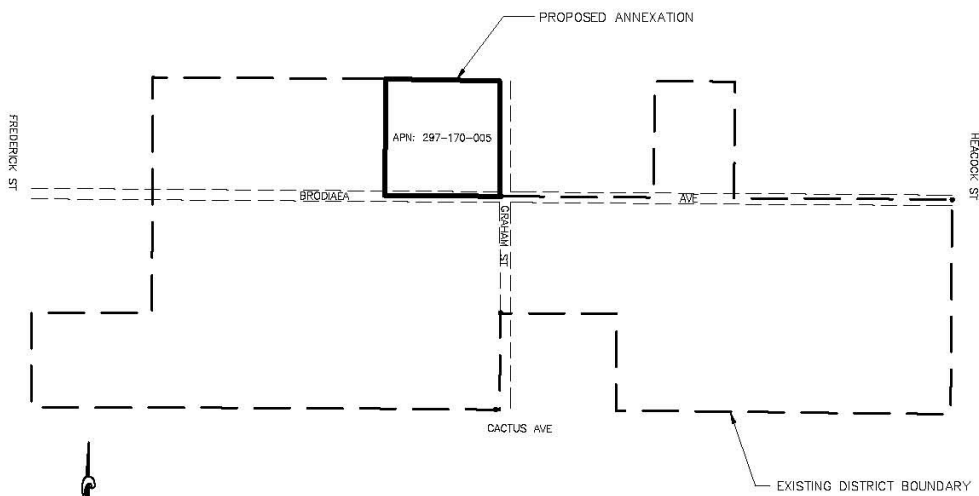
Harris & Associates
Joan E. Cox, PE
Vice President

Boundary Map



Boundary Map

ANNEXATION MAP NO. 1 TO
COMMUNITY FACILITIES DISTRICT No. 4—INFRASTRUCTURE
OF THE CITY OF MORENO VALLEY
COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA



REFERENCE THE RIVERSIDE COUNTY ASSESSOR'S MAPS FOR A DETAILED DESCRIPTION OF PARCEL LINES AND DIMENSIONS

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF MORENO VALLEY THIS _____ DAY OF _____, 2007.

CITY CLERK OF THE CITY OF MORENO VALLEY

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED ANNEXATION BOUNDARIES TO COMMUNITY FACILITIES DISTRICT NO. 4 — INFRASTRUCTURE, CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, AT A REGULARLY SCHEDULED MEETING, THEREOF, HELD ON THE _____ DAY OF _____, 2007, BY ITS RESOLUTION No. _____

CITY CLERK OF THE CITY OF MORENO VALLEY

FILED THIS _____ DAY OF _____, 2007, AT THE HOUR OF _____ O'CLOCK _____ M. IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS PAGE NOS. _____ THROUGH _____ AS INSTRUMENT NO. _____ IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

COUNTY RECORDER OF THE COUNTY OF RIVERSIDE

FEE \$ _____

PROPOSED BOUNDARY MAP

Annexation Map No. 1 to
Community Facilities District No. 4—Infrastructure
of the City of Moreno Valley
County of Riverside, California

Sheet 1 OF 1

HARRIS & ASSOCIATES
34 Executive Park, Suite 150
Irvine, CA 92614
(949) 855-3900 • FAX (949) 855-3995

Amended and Restated Rate and Method of Apportionment

**AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT
FOR
COMMUNITY FACILITIES DISTRICT NO. 4 - INFRASTRUCTURE
OF THE CITY OF MORENO VALLEY**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property in Community Facilities District No. 4 – Infrastructure of the City of Moreno Valley ("CFD No. 4-I") and collected each Fiscal Year commencing in Fiscal Year 2010-11, in an amount determined by the City Council through the application of the appropriate Special Tax for "Developed Property," "Undeveloped Property," "Taxable Property Owner Association Property," and "Taxable Public Property" as described below. All of the real property in CFD No. 4-I shall be taxed for the purposes, to the extent and in the manner herein provided, except property defined as Exempt Property and subject to Section E below.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 4-I: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 4-I or any designee thereof of complying with arbitrage rebate requirements including, but not limited to, any rebate obligation; the costs to the City, CFD No. 4-I or any designee thereof of complying with disclosure requirements of the City, and /or CFD No. 4-I associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs to the City, CFD No. 4-I or any designee thereof related to any appeal of the Special Tax; the costs associated with the release of funds from an escrow or appeals account, including appraisal costs; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 4-I for any other administrative purposes of CFD No. 4-I, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Annual Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 4-I to pay the sum of: (i) debt service on all Outstanding Bonds; (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Bonds issued or to be issued by CFD No. 4-I; and (v) any amounts required for the acquisition or construction of facilities eligible under the Act, provided that the inclusion of such amount does not cause an increase in the levy of Special Taxes on Undeveloped Property. In arriving at the Annual Special Tax Requirement, the CFD Administrator shall take into account the reasonably anticipated delinquent Special Taxes based on the delinquency rate for

Amended and Restated Rate and Method of Apportionment

Special Taxes levied in the previous Fiscal Year and shall give a credit for funds available to reduce the Special Tax levy.

"Assessor's Parcel" means a parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel Number (APN).

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

"Building Permit" means a permit for new construction for a structure. For purposes of this definition, "Building Permit" shall not include permits for construction of perimeter fencing, parking lot, wet and dry utility improvements, screening, landscaping, site lighting, required site-related storm water improvements, or other such improvements not intended for occupancy, with the exception of a guard shack, or similar ancillary structure.

"Bonds" means any binding obligation including bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 4-I under the Act.

"CFD Administrator" means the Special Districts Division Manager of the City of Moreno Valley, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 4-I" means Community Facilities District No. 4 – Infrastructure of the City of Moreno Valley.

"City" means the City of Moreno Valley.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 4-I.

"County" means the County of Riverside.

"Developed Property" means all Assessor's Parcels of Taxable Property for which Building Permits were issued on or before June 1 preceding the Fiscal Year for which Special Taxes are being levied..

"Exempt Property" means any property not subject to Special Tax as described under Section E, herein.

"Final Map" means a final map, parcel map, lot line adjustment, or other map approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots for which building permits may be issued.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Area" means the square footage of land, excluding rights-of-way, as shown on the applicable Final Map or condominium map or if the square footage is not shown on said map, the square footage of an Assessor's Parcel as shown on an Assessor's Parcel Map. If the area is presented in acreage, then the square footage equals the acreage multiplied by 43,560 (square

Amended and Restated Rate and Method of Apportionment

footage per acre). Exhibit 1, attached herein, provides an estimate of the taxable Land Area by Assessor's Parcel.

"Maximum Annual Special Tax" means the maximum Special Tax, determined in accordance with Section C, that can be levied in any Fiscal Year on any Assessor's Parcel.

"Outstanding Bonds" means all Bonds that are deemed to be outstanding under the Indenture.

"Property Owner Association Property" means, for each Fiscal Year, (i) any Assessor's Parcel within the boundaries of CFD No. 4-I for which the owner of record, as determined from the County Assessor's secured tax roll for the Fiscal Year in which the Special Tax is being levied, is a property owner's association, including any master or sub-association, or (ii) any property located in a Final Subdivision that was recorded as of the January 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street.

"Proportionately" means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Undeveloped Property. The term "Proportionately" may similarly be applied to other categories of Taxable Property as listed in Section E below. Notwithstanding the above, Assessor's Parcels that have been delinquent in paying their Special Taxes may be taxed disproportionately to cover the shortfall generated by their delinquency.

"Public Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 4-I that is (i) owned by, irrevocably offered or dedicated to the federal government, the State, the County, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property and Undeveloped Property to fund the Annual Special Tax Requirement.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 4-I, which are not classified as Exempt Property from the Special Tax pursuant to law or Section E, herein, or for which the Special Tax obligation has been prepaid in full per Section G, herein.

"Taxable Property Owner Association Property" means Property Owner Association Property that is subject to the levy of the Special Tax pursuant to Section E below.

"Taxable Public Property" means Public Property that is subject to the levy of the Special Tax pursuant to Section E below.

"Trustee" means the trustee, fiscal agent, or paying agent under the Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Property Owner Association Property, or Taxable Public Property.

Amended and Restated Rate and Method of Apportionment

B. CLASSIFICATION OF PROPERTIES

Each Fiscal Year, all Property within CFD No. 4-I shall be classified as Developed Property, Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property or Exempt Property and shall be subject to Special Taxes in accordance with the Rate and Method of Apportionment determined pursuant to Sections C and D.

C. SPECIAL TAX RATE

Maximum Annual Special Tax

The Maximum Annual Special Tax for each Assessor's Parcel of Developed Property, Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property shall be \$0.1924 per square foot of Land Area for Fiscal Year 2010-11, and shall increase thereafter, commencing on July 1, 2011 and on July 1 of each Fiscal Year thereafter, by an amount equal to two percent (2%) of the Maximum Annual Tax for the previous Fiscal Year.

Once classified as Developed Property, a parcel may not be subsequently re-classified as Undeveloped Property.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2010-11 and for each following Fiscal Year, the City Council shall levy the Special Tax until the amount of Special Taxes levied equals the Annual Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

Step 1 - The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Annual Special Tax for Developed Property.

Step 2 -If additional monies are needed to satisfy the Annual Special Tax Requirement, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the applicable Maximum Annual Special Tax for Undeveloped Property.

Step 3 -If additional monies are needed to satisfy the Annual Special Tax Requirement, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property.

Step 4 -If additional monies are needed to satisfy the Annual Special Tax Requirement, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property.

E. EXEMPTIONS

Provided that no such classification would reduce the Land Area of Taxable Property to less than 5,427,292 square feet, the CFD Administrator shall classify as Exempt Property: (i) Public Property; and (ii) Property Owner Association Property. Such minimum square footage shall be subject to reduction by the CFD Administrator should the Special Tax obligation for an Assessor's Parcel be paid off in full or in part per Section G, herein.

Amended and Restated Rate and Method of Apportionment

The CFD Administrator shall classify property as Exempt Property in the chronological order that such property qualifies to be classified as such.

All or any portion of an Assessor's Parcel in CFD No. 4-I that is transferred to a public agency or property owner's association that reduces the square footage of the total Land Area of Taxable Property to less than 5,427,292 square feet, or the minimum square footage as reduced by the CFD Administrator as specified above in this Section E, shall not be exempt from the Special Tax and shall instead require a prepayment of the Special Tax obligation for the excess portion of such Assessor's Parcel pursuant to Section G below to eliminate the necessity of levying an annual Special Tax on such excess portion of such Assessor's Parcel. The full or partial prepayment of the Special Tax for such Assessor's Parcel shall occur prior to the transfer of the Assessor's Parcel to a public agency or property owner association.

In the event that the Special Tax obligation applicable to the excess portion of an Assessor's Parcel is not prepaid as specified in the preceding paragraph, Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Land Area of Taxable Property to less than 5,427,292 square feet, or the minimum square footage as reduced by the CFD Administrator as specified above in this Section E, will be classified as Taxable Public Property or Taxable Property Owner Association Property, as applicable, and will continue to be subject to Special Taxes accordingly. If the use of an Assessor's Parcel classified as Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses that would make such Assessor's Parcel eligible to be classified as Exempt Property, such Assessor's Parcel shall cease to be classified as Exempt Property and shall be classified as Taxable Property.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 4-I may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. PREPAYMENT OF SPECIAL TAX

The following definitions apply to Section G, herein.

"CFD Public Facilities" means those public facilities authorized to be financed by CFD No. 4-I.

"CFD Public Facilities Costs" means either \$12.5 million or such lower number as shall be determined either by (a) the CFD Administrator as sufficient to finance the CFD Public Facilities, or (b) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be secured by Special Taxes levied under this Amended and Restated Rate and Method of Apportionment.

"Construction Fund" means the fund as identified in the Indenture, which is used to disburse funds to pay the cost and acquisition of public improvements funded with the bond proceeds or Special Taxes.

"Future Facilities Costs" means the CFD Public Facilities Costs minus: (a) the portion of the CFD Public Facilities Costs previously funded (i) from the proceeds of all previously issued

Amended and Restated Rate and Method of Apportionment

Bonds, (ii) from interest earnings on the Construction Fund actually earned prior to the date of prepayment and (iii) directly from Special Tax revenues; and (b) the amount of the proceeds of all previously issued Bonds then on deposit in the Construction Fund.

“Previously Issued Bonds” means all Outstanding Bonds that have been issued prior to the date of the prepayment which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes.

Prepayment of a Special Tax in Part or in Full

The Special Tax obligation applicable to an Assessor’s Parcel may be prepaid at any time and the obligation of such Assessor’s Parcel to pay any Special Tax may be fully or partially satisfied as described herein. The CFD Administrator may charge a reasonable fee for calculation of the Prepayment Amount as defined below.

1. Prepayment in Full

The Maximum Annual Special Tax obligation may be prepaid and permanently satisfied for any Assessor’s Parcel. The Maximum Annual Special Tax obligation applicable to such Assessor’s Parcel may be fully prepaid and the obligation of the Assessor’s Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Maximum Annual Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor’s Parcel. The CFD Administrator may charge a reasonable fee for providing this figure.

The Prepayment Amount (defined below) shall be calculated as follows (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Prepayment Fees and Expenses
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

1. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
2. Compute the Maximum Annual Special Tax for the Assessor’s Parcel to be prepaid.
3. Divide the Maximum Annual Special Tax computed pursuant to paragraph 2 by the sum of the total expected Maximum Annual Special Tax revenues that may

Amended and Restated Rate and Method of Apportionment

4. be levied within CFD No. 4-I, excluding any Assessors Parcels for which the Maximum Annual Special Tax obligation has been previously prepaid.
5. Multiply the quotient computed pursuant to paragraph 3 by the principal amount of Outstanding Bonds to compute the amount of Previously Issued Bonds to be retired and prepaid (the "Bond Redemption Amount").
6. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Previously Issued Bonds to be redeemed (the "Redemption Premium").
7. If all the Bonds authorized to be issued have not been issued, compute the Future Facilities Costs.
8. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be allocated to such Assessor's Parcel (the "Future Facilities Amount").
9. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Previously Issued Bonds.
10. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
11. Compute the amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Prepayment Fees and Expenses (defined below) from the date of prepayment until the redemption date for the Previously Issued Bonds to be redeemed with the prepayment.
12. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
13. The administrative fees and expenses of CFD No. 4-I are as calculated by the CFD Administrator and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 4-I Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Prepayment Fees and Expenses").
14. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Previously Issued Bonds as a result of the prepayment; or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Previously Issued Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero. No Reserve Fund Credit shall be granted if the amount then on deposit in the reserve fund for the Previously Issued Bonds is below 100% of the reserve fund requirement (as defined in the Indenture).

Amended and Restated Rate and Method of Apportionment

15. If any capitalized interest for the Previously Issued Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the quotient computed pursuant to paragraph 3 by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
16. The Maximum Annual Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
17. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, 13, and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited in the Construction Fund.

If the Prepayment Amount is insufficient to redeem Bonds in \$5,000 increments, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the City Council shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Special Taxes, net of Administrative Expenses, that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.10 times the maximum annual debt service on all Outstanding Bonds.

Tenders of Bonds in prepayment of Special Taxes may be accepted upon the terms and conditions established by the City Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the City Council.

2. Prepayment in Part

The Maximum Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid. The amount of the prepayment shall be calculated as in Section G.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E \times F) + A$$

These terms have the following meaning:

PP = the partial prepayment

Amended and Restated Rate and Method of Apportionment

- P_E = the Prepayment Amount calculated according to Section G.1, minus Prepayment Fees and Expenses pursuant to paragraph 12 of Section G.1.
- F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Annual Special Tax obligation.
- A = the Prepayment Fees and Expenses pursuant to paragraph 12 of Section G.1.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Annual Special Tax obligation shall notify the CFD Administrator of: (i) such owner's intent to partially prepay the Maximum Annual Special Tax obligation, (ii) the percentage by which the Maximum Annual Special Tax obligation shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if applicable. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Maximum Annual Special Tax obligation for an Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the City shall: (i) distribute the funds remitted to it according to paragraph 16 of Section G.1, and (ii) indicate in the records of CFD No. 4-I that there has been a partial prepayment of the Maximum Annual Special Tax obligation and that a portion of the Maximum Annual Special Tax obligation equal to the outstanding percentage $(1.00 - F)$ of the remaining Special Tax obligation shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

H. TERM OF SPECIAL TAX

The Special Tax shall be levied on each Assessor's Parcel of Developed Property, Taxable Property Owner Association Property and Taxable Public Property for a period not to exceed 40 years from the Fiscal Year in which the Special Tax is first levied on such Assessor's Parcel as Developed Property, Taxable Property Owner Association Property or Taxable Public Property. The Special Tax shall be levied on Undeveloped Property indefinitely or until such time that all debt service necessary to retire the Bonds is paid in full.

I. APPEALS

Any landowner who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error may submit a written appeal to CFD No. 4-I. The CFD Administrator shall review the appeal and if the CFD Administrator concurs, the amount of the Special Tax levied shall be appropriately modified.

The City Council may interpret this Amended and Restated Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner appeals. Any decision of the City Council shall be final and binding as to all persons.

Amended and Restated Rate and Method of Apportionment

Exhibit 1

Taxable Property

Assessor's Parcel #	Estimated Taxable Lot Area (Sq. Ft.)
5	380,279
27	329,314
64	185,130
65	197,762
66	382,457
67	1,430,946
68	381,586
69	1,061,557
72	255,697
75	383,328
76	333,234
78	292,288

Total: 5,613,578

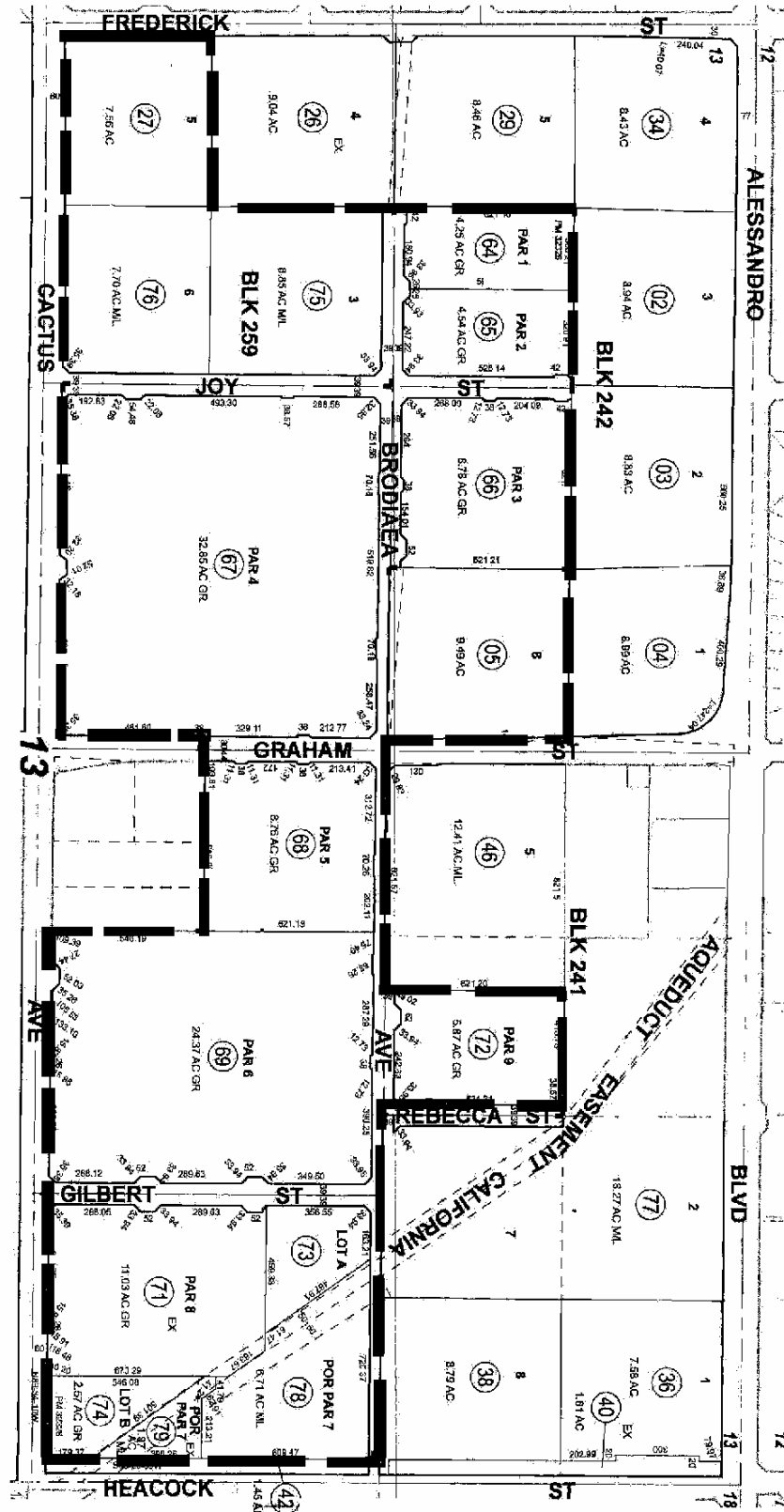
Exempt Property

Assessor's Parcel #	Estimated Lot Area (Sq. Ft.)
71	480,467
73	122,839
74	111,949
79	59,677

Total: 774,932

LEGEND

CFD Boundary



ASSESSOR'S PARCEL MAP 297-17

Property Owner List

**City of Moreno Valley
Community Facilities District No. 4 - Infrastructure**

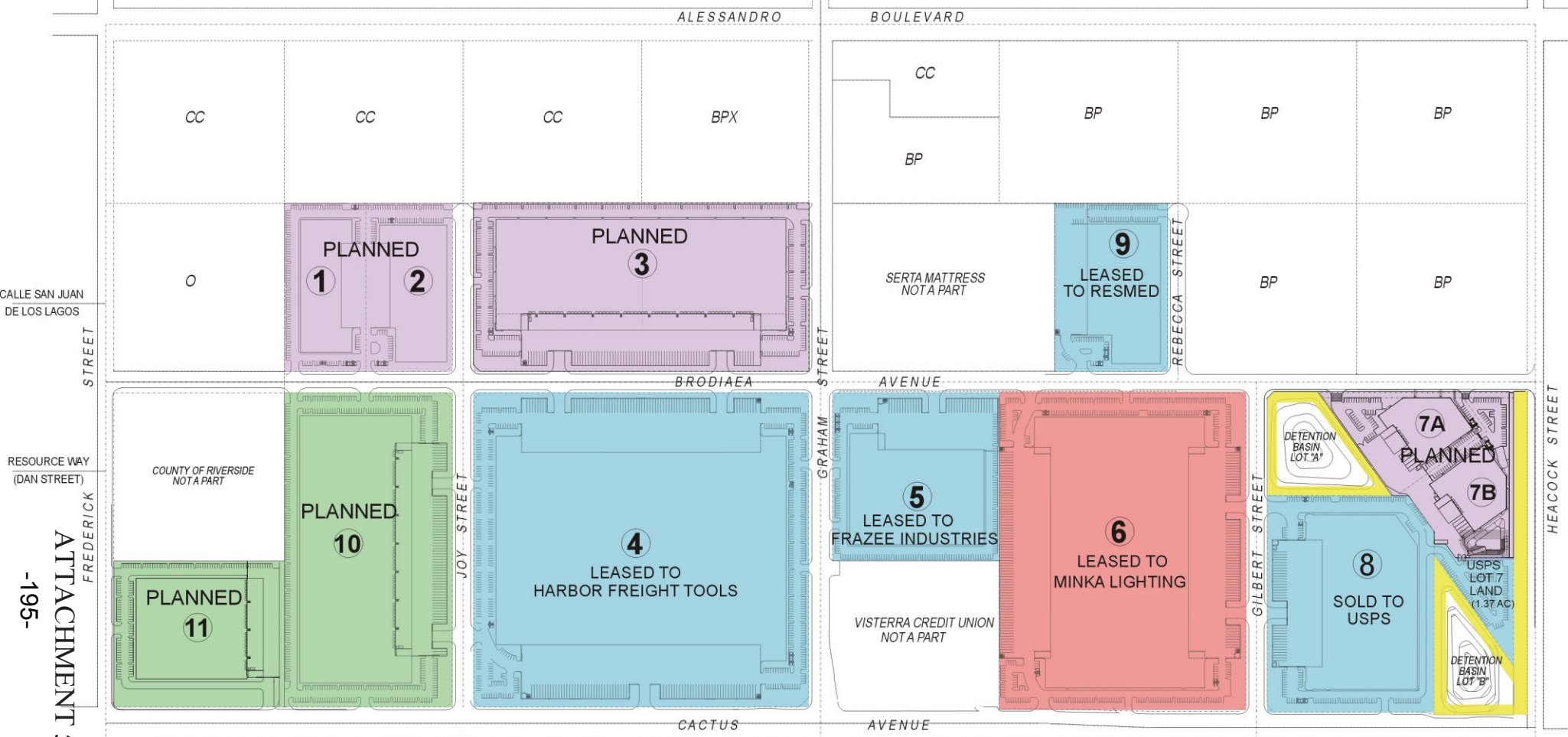
Property Owner List

Taxable Property:

APN	Owner Name
297-170-005	RIDGE MORENO VALLEY
297-170-027	RIDGE MORENO VALLEY
297-170-064	RIDGE MORENO VALLEY
297-170-065	RIDGE MORENO VALLEY
297-170-066	RIDGE MORENO VALLEY
297-170-067	RIDGE MORENO VALLEY
297-170-068	RIDGE MORENO VALLEY
297-170-069	RIDGE MORENO VALLEY II
297-170-072	RIDGE MORENO VALLEY
297-170-075	RIDGE MORENO VALLEY
297-170-076	RIDGE MORENO VALLEY
297-170-078	RIDGE MORENO VALLEY

Exempt Property:

APN	Owner Name
297-170-071	UNITED STATES POSTAL SERVICE
297-170-073	CENTERPOINTE BUSINESS PARK PROP OWNERS ASSN
297-170-074	CENTERPOINTE BUSINESS PARK PROP OWNERS ASSN
297-170-079	UNITED STATES POSTAL SERVICE



BUILDING LEGEND		
	Building SF	Land Area (Acres)
①	23180 Brodiaea Avenue	80,862 S.F. 4.25
②	23220 Brodiaea Avenue	106,702 S.F. 4.54
③	23300 Brodiaea Avenue	391,231 S.F. 17.51
④	23400 Cactus Avenue	779,016 S.F. 32.85
⑤	14300 Graham Street	180,043 S.F. 8.76
⑥	23700 Cactus Avenue	532,926 S.F. 24.37
⑦	Building 7A/7B	49,994 S.F./49,973 S.F. 6.71
⑧	23800 Cactus Avenue	231,382 S.F. 12.40
⑨	23650 Brodiaea Avenue	130,002 S.F. 5.87
⑩	Building 10	353,869 S.F. 16.45
⑪	Building 11 (Proposed Building)	155,664 S.F. 7.56
		3,041,664 S.F. 141.27

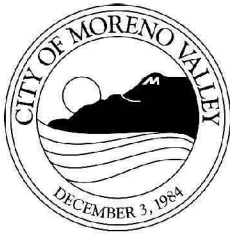
PHASING LEGEND	
■	PHASE I - COMPLETED
■	PHASE II - COMPLETED
■	PHASE III - UNDEVELOPED (VACANT LAND)
■	PHASE IV - UNDEVELOPED (VACANT LAND)

INTERPOINTE BUSINESS PARK
SING PLAN
GE PROPERTY TRUST
RIDGE PROPERTY TRUST
 MORENO VALLEY, CALIFORNIA

October 06, 2010



This page intentionally left blank.



APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>WFB</i>
CITY MANAGER	

Report to City Council

TO: Mayor and City Council

FROM: Barry Foster, Economic Development Department Director

AGENDA DATE: December 14, 2010

TITLE: ADOPTION OF FY 2011-2012 CDBG AND HOME PROGRAM OBJECTIVES AND POLICIES

RECOMMENDED ACTION

Staff recommends that the City Council:

1. Conduct a Public Hearing to allow for the community to comment on the needs of low-to-moderate income residents in Moreno Valley, including the CDBG Target Areas; and
2. Approve the proposed CDBG and HOME Program Objectives and Policies for the 2011-2012 Program Year.

BACKGROUND

Every year, the Department of Housing and Urban Development (HUD) allocates federal grant monies to the City of Moreno Valley known as the Community Development Block Grant (CDBG) and the HOME Investment Partnership Program (HOME). These grants are used to provide social services, capital projects, and decent housing, along with enhancing economic opportunities for low-to-moderate income persons (see Attachment A for the 2010 income level table).

CDBG and HOME grants are provided on an annual basis to entitlement cities (eligible and selected cities such as Moreno Valley) with allocation amounts varying each year based on a formula that considers the:

- Extent of poverty
- Population
- Housing overcrowding
- Age of housing
- Lack of population growth compared to other metropolitan areas

Eligible CDBG grant activities range from social services to capital improvements to business and employment development. HOME funds must be used toward the development of affordable housing programs. Attachment B details eligible and ineligible activities for both programs.

HUD requires City's establish CDBG Target Areas so that they may concentrate their programs in areas determined to contain residents of which at least 51% earn low-to-moderate incomes. For a map of Moreno Valley's CDBG Target Areas see Attachment C.

Each entitlement city must also prepare a Consolidated Plan that establishes CDBG activities for a five year period. Moreno Valley's last Consolidated Plan was adopted in FY 2008-2009 and will remain in effect through FY 2012-2013. For each Consolidated Plan year, entitlement cities must adopt a strategic planning document called the Annual Action Plan. The Annual Action Plan identifies how the City will allocate both CDBG and HOME funds for the upcoming program year to meet the goals established in the Consolidated Plan. Each Annual Action Plan must include up-to-date Objectives and Policies for both CDBG and HOME Programs.

DISCUSSION

The CDBG and HOME program year activities are structured so that HUD will receive the 2011-12 Annual Action Plan by the mandatory federal deadline of May 15, 2011. Prior to submittal, the City is required to complete a series of activities including citizen participation and completion of three separate Public Hearings necessary to:

1. Adopt current Objectives and Policies (tonight),
2. Recommend CDBG and HOME Project Selections to Council (March 2011), and
3. Adopt the program year Annual Action Plan (April 2011).

These activities must be completed sequentially and on schedule for the timely submission of the FY 2011-12 Annual Action Plan to occur. Prior to starting the budget process for CDBG and HOME, HUD requires a jurisdiction to undertake citizen participation and adopt objectives and policies that reflect the current needs of the community. Once adopted, HUD reviews the Objectives and Policies for compliance with CDBG and HOME regulations.

Moreno Valley's Citizen Participation Process

Each year as part of the citizen participation process, Moreno Valley holds community-based meetings and Public Hearings to receive input on the current needs of the community. These public meetings are intended to encourage active and informed participation in the CDBG and HOME Programs by both community members and local service providers. Attendees are asked to comment on issues such as:

- Development needs
- Problems affecting low-and-moderate income persons
- Project selections
- Distribution of Funding

Comments received at these meetings are taken into consideration when forming the Objectives and Policies for the program year. The City held two public meetings during the months of November and December 2010. The first Community Meeting was held at the Moreno Valley Conference and Recreation Center on Wednesday, November 17 and the second was held at the Moreno Valley Senior Center on Thursday, December 2. Attachment D provides comments that were received from residents and service providers who attended.

Purpose of Objectives and Policies

In accordance with HUD's requirements, Moreno Valley's Objectives and Policies must be re-evaluated each year to ensure they adequately reflect the current needs of the community. The updated Objectives and Policies must then be adopted by the City Council for the upcoming CDBG and HOME program year. Objectives and Policies primarily focus on the following:

1. Defining the City's funding priorities project selection criteria, and
2. Providing guidance for staff when reviewing and recommending programs and projects for funding.

Objectives and Policies also:

3. Distributed to non-profit agencies who are interested in applying for funding to develop a local social service program in Moreno Valley. They provide the public and non-profit agencies important information about the eligible categories of programs and the City's priorities for local organizations; and
4. Establish a \$5,000 minimum grant level for the CDBG Program and a \$25,000 minimum grant level for the HOME Program.¹

Attachment E is a comprehensive description of all eight objectives and four primary policies.

Recap of Last Year's Priority Ranking under the 'Public Services' Objective

An eligible use of CDBG monies is "Public Services" (Including, but not limited to, food banks, homeless shelters, specialized counseling, foster youth services, etc.) that benefit the City's low income households. HUD limits the monies that can be used toward Public Services to 15% of the overall annual CDBG allocation, which for Moreno Valley averages approximately \$280,000 per year. Because these particular monies are limited and the demand is so high, staff has established a priority ranking within the Public Service Objective that assists in reaching decisions on which programs are best suited for our community in the given year.

Last year in reaction to the economic downturn (including an increase in foreclosures and unemployment) the City Council agreed with staff's recommendation to continue the priority ranking under the Public Service Objective from the prior fiscal year, as follows:

¹ These benchmark limits have proven to be an adequate starting base for the majority of grant seeking organizations, although the Policies do allow for consideration of lower grant requests at the discretion of the City Council.

1. Fair Housing Services\Foreclosure Prevention Programs
2. Career Development and Mid-Career Retraining
3. Other Social Service Programs
4. Homeless Services
5. Crime Prevention (Police) Services

This Year's (2011-12) Recommendation of Priority Ranking under the 'Public Services' Objective

After comprehensive research, including consideration of public input and review of various program reports, including those provided by the City's local non-profits currently serving the City's low income population, staff recommends the FY 2011-12 Public Services priority ranking be revised to:

1. 'Basic Needs' Related Social Services Programs (such as utility assistance, rental assistance, food programs, etc.)
2. Employment Services and Job Training
3. Fair Housing\Foreclosure Prevention Programs
4. Homeless Services
5. Crime Prevention\Public Safety Services

Because the City's high unemployment rate continues and local service providers report an overwhelming public demand for 'basic needs' related programs. It is staff belief that this 'Public Service' ranking best represents the most needed categories of programs in the community.

ALTERNATIVES

Alternative 1. Staff recommends that the City Council conduct a Public Hearing, receive comments, and adopt the proposed CDBG and HOME Objectives and Policies as listed on Attachment E. Doing so will meet HUD's requirements, as well as provide the public and staff with direction regarding funding proposals for FY 2011-2012.

Alternative 2. The City Council may amend or reprioritize any of the proposed Objectives and Policies.

FISCAL IMPACT

The approval of Objectives and Policies for the Fiscal Year 2011-2012 Annual Action Plan will not impact other City funding, including the General fund. **CDBG and HOME funds are restricted funding sources to be used exclusively for projects and programs allowed by HUD regulations and may not be used to fund other general government programs and services.** The CDBG and HOME funds are HUD grants and do not require matching funds.

Objectives and Policies are needed for staff to begin the budget process for FY 2011-2012 CDBG and HOME Programs. To ensure the timely receipt of the 2011-2012

CDBG and HOME entitlement allocations, the entire process (including project selection and submittal of the Annual Action Plan to HUD) must be completed by May 15, 2011.

At the time of this staff report submittal, the federal government has not yet approved the grant allocations. However, based on last fiscal years entitlement allocations, staff estimates the 2011-2012 CDBG grant to be approximately \$1.9 million and 2011-2012 HOME grant to be approximately \$666,000. Once received, the CDBG and HOME allocations would be applied as follows:

<u>Fund</u>	<u>Business Unit No/Name</u>	<u>Estimated Amount</u>
CDBG Accounts		\$1.9 million
282	73918 CDBG Programs	
283	73828 CDBG Administration	
285	73952 Public Services	
283	74018 Code and Neighborhood Enforcement	
176	77110 - HOME	\$666,000

CITY COUNCIL GOALS

Approval of the proposed CDBG and HOME Objectives and Policies will assist to uphold five of the six pre-established City Council Goals.

1. REVENUE DIVERSIFICATION & PRESERVATION

Develop a variety of City revenue sources to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

2. PUBLIC SAFETY

Provide a safe and secure environment for people and property in the community, control the number and severity of fire and hazardous material incidents, and provide protection for citizens who live, work, and visit the City of Moreno Valley.

3. PUBLIC FACILITIES & CAPITAL PROJECTS

Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

4. POSITIVE ENVIRONMENT

Create a positive environment for the development of Moreno Valley's future.

5. COMMUNITY, IMAGE, NEIGHBORHOOD PRIDE & CLEANLINESS

Promote a sense of community pride and foster an excellent image about our City by developing and executing programs which will result in quality development, enhanced neighborhood preservation efforts, including home rehabilitation and neighborhood restoration.

SUMMARY

Objectives and Policies must be included in the Annual Action Plan update to HUD in order to receive Fiscal Year 2011-2012 CDBG and HOME entitlement grant allocations. This staff report recommends Objectives and Policies for FY 2011-2012 continue in place with the exception of revisions in the priority ranking of potential activities under the Public Service objective. Research and community input show that continued unemployment has resulted in an overwhelming demand for basic needs services such as food banks, utility, and rental assistance. The revised priority ranking under Public Services for FY 2011-12 is proposed as:

1. 'Basic Needs' Related Social Services Programs (such as utility assistance, rental assistance, food programs, etc.)
2. Employment Services and Job Training
3. Fair Housing\Foreclosure Prevention Programs
4. Homeless Services
5. Crime Prevention\Public Safety Services

City Council approval is recommended.

NOTIFICATION

Notice of this meeting was published in the local section of *The Press-Enterprise* newspaper on December 1, 2010, and has been announced on the City public website since November 24, 2010.

ATTACHMENTS/EXHIBITS

- | | |
|---------------|--|
| Attachment A: | Low- and Moderate-Income Level Table |
| Attachment B: | Eligible\Ineligible Grant Activities |
| Attachment C: | CDBG Target Areas Map |
| Attachment D: | Citizen Comments from Community Meetings |
| Attachment E: | Proposed CDBG and HOME Objectives and Policies 2011-2012 |

Prepared By
Isa Rojas,
Management Analyst

Department Head Approval
Barry Foster,
Economic Development Director

Concurred By
Michele Patterson,
Redevelopment & Neighborhood Programs Administrator

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

This page intentionally left blank.

ATTACHMENT A

2010 INCOME LIMITS
Effective April 2, 2010 – Revised Annually
Neighborhood Preservation Division

Annual Income Level	% of Area Median	Number of Persons In Household							
		1	2	3	4	5	6	7	8
Extremely Low Income	30%	\$13,650	\$15,600	\$17,550	\$19,500	\$21,100	\$22,650	\$24,200	\$25,750
Very Low Income	50%	\$22,750	\$26,000	\$29,250	\$32,500	\$35,100	\$37,700	\$40,300	\$42,900
60% Limits (HOME)	60%	\$27,300	\$31,200	\$35,100	\$39,000	\$42,120	\$45,240	\$48,360	\$51,480
Low Income	80%	\$36,400	\$41,600	\$46,800	\$52,000	\$56,200	\$60,350	\$64,500	\$68,650
Median Income	100%	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Moderate Income	120%	\$54,600	\$62,400	\$70,200	\$78,000	\$84,250	\$90,500	\$96,700	\$102,950

This page intentionally left blank.

ATTACHMENT B

Eligible CDBG Activities

- ❖ Acquisition, design, construction, rehabilitation, or installation of certain publicly owned facilities such as:
 - Parks, playgrounds and recreational facilities.
 - Senior centers, except 24-hour care facilities.
 - Neighborhood facilities.
 - Fire protection facilities and equipment.
 - Parking facilities.
 - Street improvements.
 - Flood, drainage, or sewer facilities.
 - Other improvements vital to a community's development.
- ❖ Acquisition of property that is: of historic value; appropriate for beautification or conservation of open spaces; appropriate for low or moderate income housing.
- ❖ Clearance and demolition of buildings and land which may be a health hazard to the community. Interim assistance or temporary help to alleviate harmful or dangerous conditions.
- ❖ Removal of architectural barriers which restrict the mobility of handicapped persons.
- ❖ Rehabilitation and preservation of buildings and improvements, both publicly and privately owned.
- ❖ Code enforcement in designated target areas.
- ❖ Historic preservation activities.
- ❖ Eligible economic development activities.
- ❖ Eligible planning and environmental design costs.
- ❖ Public services including, but not limited to: fair housing activities, public safety services, homeless services, senior citizen services, educational programs, youth services, drug abuse counseling & treatment and recreation programs.

Ineligible CDBG Activities

- ❖ Buildings for the general conduct of government, such as city halls, courthouses, and police stations.
- ❖ Stadiums, sports arenas, auditoriums, museums and central libraries (Note: branch libraries may be built in CDBG Target Areas).
- ❖ Purchase of equipment such as construction equipment, fire protection equipment, furnishings, and personal property.
- ❖ Schools
- ❖ Airports, subways, bus or other stations.
- ❖ Hospitals, nursing homes, and other medical facilities.
- ❖ Treatment works for liquid industrial wastes or sewage.
- ❖ Expenses of general government for operation and maintenance of public facilities.
- ❖ Political activities.
- ❖ Direct income payments to residents.

Eligible HOME Activities







- ❖ Incentives provided by Participating Jurisdictions (the City of Moreno Valley is a Participating Jurisdiction) to develop and support affordable rental housing and homeownership affordability through acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing (including manufactured housing).
- ❖ Operating expenses and capacity building costs for eligible Community Housing Development Organizations (CHDO).
- ❖ Eligible administrative and planning costs.

Ineligible HOME Activities

- ❖ Project reserve accounts or operating subsidies.
- ❖ Tenant-based rental assistance for the special purposes of the Section 8 program.
- ❖ To provide non-federal matching contributions.
- ❖ To provide assistance to annual contributions for the operation of public housing.
- ❖ Modernization of public housing.
- ❖ Prepayment of low-income housing mortgages.
- ❖ Assistance to a project previously assisted with HOME funds during the period of affordability.

**CITY OF
MORENO VALLEY
CDBG TARGET
AREAS**

CDBG Districts

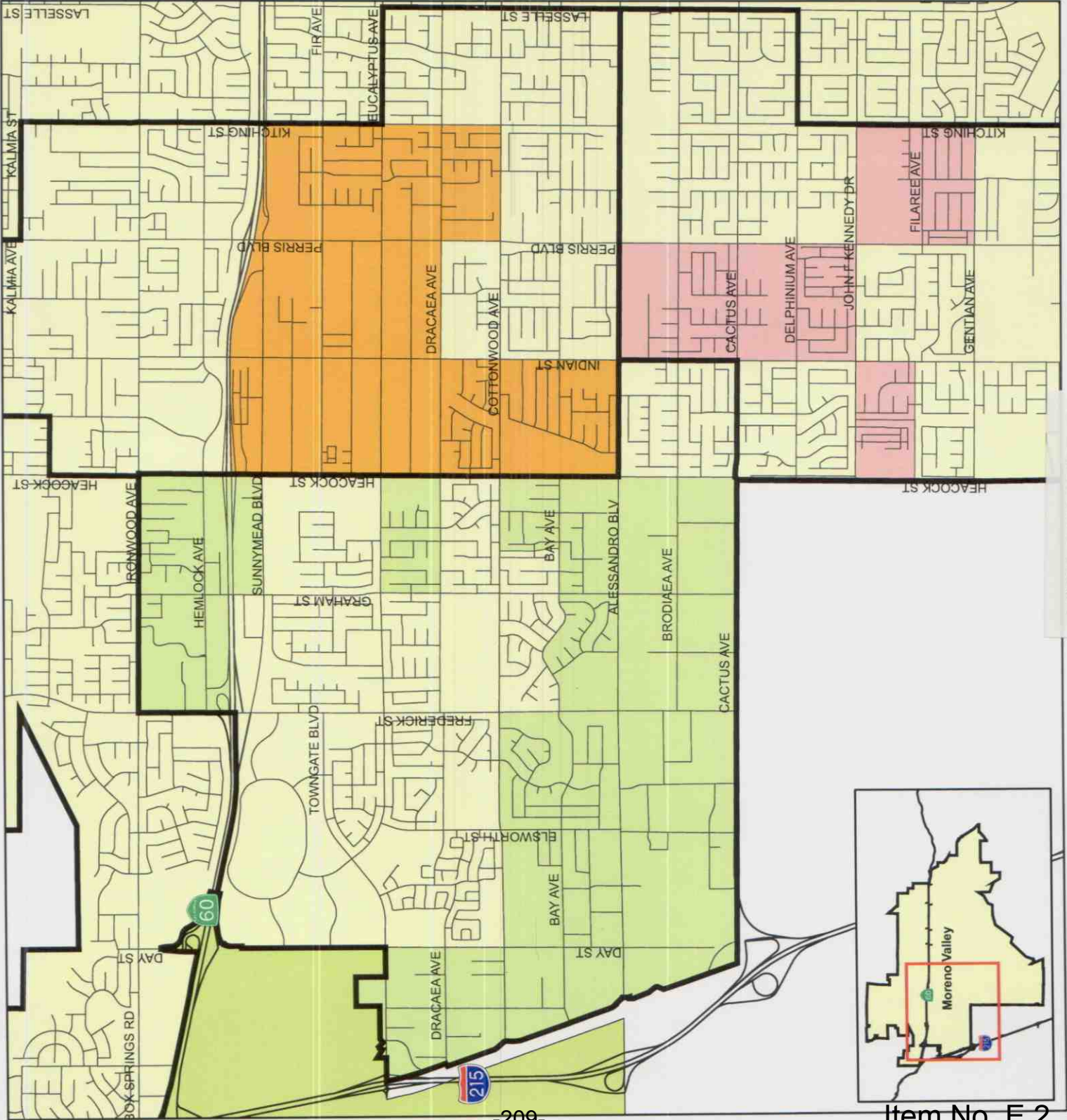
-  District 1
-  District 4
-  District 5
-  Council District Boundaries
-  Moreno Valley
-  Riverside



**Map Produced by Moreno Valley
Geographic Information System**

State Plane NAD 83 California Zone 6 Feet
G:\ArcMap\Codes\
CDBG target_areas_1007.mxd
October 30, 2007

The information shown on this map was compiled from the Riverside County GIS and the City of Moreno Valley GIS. The land base and facility information on this map is for display purposes only and should not be relied upon without independent verification as to its accuracy. Riverside County and City of Moreno Valley will not be held responsible for any claims, losses or damages resulting from the use of this map.




ATTACHMENT C

This page intentionally left blank.



City of Moreno Valley
Economic Development Department

MEMORANDUM

To: Mayor and City Council
From: Michele Patterson, Redevelopment and Neighborhood Programs Administrator 
Date: December 13, 2010
Subject: Community Needs Assessment Meeting Minutes for the December 14, 2010
Council Meeting: Agenda Item E2: ADOPTION OF FY 2011-2012 CDBG AND
HOME PROGRAM OBJECTIVES AND POLICIES (Report of: Economic
Development Department)

Attached are the Community Needs Assessment Meeting Minutes, Attachment D, which were not available at the time of agenda preparation.

Thank you.

Approved by:



Barry Foster, Economic Development Director

kp

Attachments

W:\NeighborPres\CDBG\StaffReports\2009-20010\1-13-09\memo to clerks re ppt.doc

This page intentionally left blank.

ATTACHMENT D

COMMUNITY NEEDS ASSESSMENT MEETING

Conference & Recreation Center

November 17, 2010

6:00 p.m. – 7:30 p.m.

Staff members present at the meeting:

Donna Moeller, Housing Program Specialist

Isa Rojas, Management Analyst

Community members present at the meeting:

- Lyn Garcia, Community Action Partnership of Riverside County
- Debra Jackson, Community Action Partnership of Riverside County
- Craig Redelsperger, 211 Riverside County
- Deborah Sutton, CASA – Court Advocates Program (for Foster Youth)

Donna Moeller presented an overview of the CDBG and HOME programs, including historical funding levels, identified priorities, and projects underway in the current program year. Attendees were advised that the purpose of the Needs Assessment Meeting was to solicit input from local residents and service providers on the current needs of the community, and attendees were asked to speak on behalf of their agency or to state their concerns and issues. The reference materials packet was reviewed with attendees.

The following is a summary of needs assessment comments made by meeting attendees:

- It was suggested that future funding consideration go toward foster youth services since there is a substantial need. A detailed discussion centered around the high population of kids in the foster care system, the high number of group homes in Moreno Valley (it was commented that the City has the highest number in the County), and the lack of quality foster parents.
- It was commented that with the economy struggling and the high unemployment, new groups of individuals are seeking assistance for the very first time. It was shared that consequently, telephone referral services to members of the community have increased by 38% with the majority of callers requesting help with utilities and housing.
- There was a recommendation that funding should be directed at addressing the increased demand in certain service areas. It was shared that community members are being turned away at certain service provider organizations, such as food banks -which no longer are receiving donations at the level they were in the past. Emergency services and utility services are in extremely high demand.
- The need for support toward local youth programs, including job training was discussed, as was the need for programs that assist 'special needs' populations (elderly, disabled).
- The need for affordable, safe, childcare in our community was noted, particularly with State budget cuts no longer providing subsidies or licensing.

COMMUNITY NEEDS ASSESSMENT MEETING

Community Senior Center

December 2, 2010

6:00 p.m. – 7:30 p.m.

Staff members present at the meeting:

Donna Moeller, Housing Program Specialist

Isa Rojas, Management Analyst

Community members present at the meeting:

- Robin Goins, Smooth Transition, Inc.
- Monica Lopez, Fair Housing Program Manager with the Fair Housing Council of Riverside County
- Sheena Wright, Foreclosure Prevention/Loss Mitigation Specialist, Fair Housing Council of Riverside County

Donna Moeller presented an overview of the CDBG and HOME programs, including historical funding levels, identified priorities, and projects underway in the current program year. Attendees were advised that the purpose of the Needs Assessment Meeting was to solicit input from local residents and service providers on the current needs of the community, and attendees were asked to speak on behalf of their agency or to state their concerns and issues. The reference materials packet was reviewed with attendees.

The following is a summary of needs assessment comments made by meeting attendees:

- It was reported that fair housing issues continue to rise in Moreno Valley. With many homeowners having lost their homes and now being required to rent, tenant-landlord mediation has spiked. Evictions and repair issues are high, and fair housing discrimination cases involving disabled persons have increased 42%.
- The need for loss mitigation counseling continues especially for repeat services for homeowners with modifications who's employment situation keeps changing. It was also noted that predatory lending and foreclosure prevention scams continue to be prevalent in Moreno Valley.
- With the economy still struggling, it was reported that many Fair Housing clients were in need of rental and utility assistance.
- The Fair Housing Council continues to receive requests for, and to provide, First Time Homebuyer education.
- The need for community education was emphasized particularly life skills education and job training for 'at risk' populations such as emancipated youth. It was a consensus that education is key in preventing future hardships for these individuals.

COMMUNITY NEEDS ASSESSMENT COMMENTS (CONTINUED..)

The following is a summary of needs assessment comments made by persons who were unable to attend the meetings but submitted their comments by phone or e-mail:

Community members:

- Judy Neiburger, representing Friends of the Senior Center- MoVan
- Carolyn Sherman, Assistance League of Riverside

- Moreno Valley continues to have a big demand for low cost elderly transportation. It was stated that the MoVan program is ideal for persons on a fixed income and provided for ridership at 1/12 of the cost of other local transportation.

- Special attention was recommended be paid to the increase in homelessness in the community. It was felt that support for services (particularly food) is needed this upcoming funding year.

- It was reported that the Assistance League assisted more needy children with school clothes, backpacks and hygiene kits than ever before. With the recession affecting our local area more severely than the rest of the nation, the need is expected to continue.

This page intentionally left blank.

ATTACHMENT E

**Objectives and Policies
CDBG & HOME Programs
Program/FY 2011-2012**

In line with HUD requirements, the City of Moreno Valley has identified categories of projects that it feels will give maximum benefits to its low-and-moderate income residents and has established the following Community Development Objectives and Policies.

The categories listed in the Community Development Objectives and Policies are in alphabetical order; there is no priority order with the exception of a priority ranking within the Public Service Objective. A summary of potential activities that may be accomplished under the each category are described below.

The Proposed Objectives and Policies for Program/Fiscal Year 2011-12 will be reviewed and adopted by the City Council on December 14, 2010. Updates and changes to the following Objectives and Policies, as adopted by the Council, will be included in the application packet available for distribution to the public on January 3, 2011.

OBJECTIVES

Capital Improvement Activities

Acquisition, design, construction and installation of needed public facilities and improvements located in CDBG income eligible target areas. Public facilities and improvements may include storm drains, water and sewer lines, and street improvements.

Economic Development Activities*

Creation of jobs for persons of low-and-moderate income through the expansion of business opportunities.

Fair Housing Activities *

The promotion of housing choice and support of state and federal fair housing laws to ensure that all residents have access to a decent home in a suitable living environment in the City. Fair Housing activities are met by promoting and affirmatively furthering equitable housing opportunities through a comprehensive program of education, counseling, enforcement, and training.

Objectives and Policies CDBG & HOME Programs (Continued)

The prevention of foreclosure through counseling, mediation, and case management for homeowners facing mortgage delinquency, default, or any stage of foreclosure, thereby maintaining safe, stable neighborhoods and community.

Health, Safety, and Public Welfare

Eliminating conditions which are detrimental to health, safety and public welfare through interim rehabilitation, code enforcement, etc.

Historic Preservation*

Restoring and preserving properties formally designated as historic structures.

Housing and Neighborhood Improvement Activities

Conserving and improving housing stock through rehabilitation of units occupied by low- and moderate-income households. Activities are designed to 1) improve existing substandard or deteriorated housing stock that does not meet building, safety or fire code and 2) achieve the goals identified in the City's Consolidated Plan.

Public Service Activities*

Improving the quantity and quality of public services, principally for low-and-moderate income persons. The following services are identified by order of priority:

- (1) 'Basic Needs' Related Social Services Programs (such as utility assistance, rental assistance, food programs, etc.)
- (2) Employment Services and Job Training
- (3) Fair Housing\Foreclosure Prevention Programs
- (4) Homeless Services
- (5) Crime Prevention\Public Safety Services

Slum or Blight Activities

Elimination of slums and blight in order to prevent the deterioration of City neighborhoods, principally in the CDBG Target Areas.

**** These activities pertain to the CDBG Program only.***

**Objectives and Policies
CDBG & HOME Programs (Continued)**

POLICIES

In order to meet the objectives and ensure efficient use of CDBG and HOME funds, the following policies have been established:

City Projects and Programs

Certain public improvements, such as storm drains, curb, gutter, and sidewalks can be given priority and can provide long term benefits to improve low-and-moderate income CDBG Target Areas. Other City sponsored programs such as the City's housing programs, Code Enforcement activities, Community Policing, and Neighborhood Cleanup also assist in the improvement of the community.

Local Services

Providers that are located in the City of Moreno Valley will be given funding priority when they are providing services equivalent to those offered by providers located outside the City. The ultimate goal is to have services available within the City limits to serve all residents, especially those of low-and-moderate income. Other factors such as track record and experience will also be considered.

Minimum Grant Level

A minimum grant level of \$5,000 for CDBG and \$25,000 for HOME has been established for the purpose of ensuring the most efficient use of these funds. Priority shall be given to grant requests that exceed \$5,000, subject to staffing and administrative capabilities. Grant requests less than \$5,000 will be considered at the discretion of the City Council.

Project and Program Funding *

Projects and Programs having other funding sources, in addition to funds requested through CDBG will be given priority. CDBG funds should be a supplement to a project or a program and not its full funding source. Funding varies from year to year and the needs of the community change. It is therefore important for a project or proposal to sustain itself should CDBG funding not be available. Such an approach will also provide for the maximum leveraging and impact of CDBG monies.

**** These activities pertain to the CDBG Program only.***

This page intentionally left blank.



City Clerk

City of Moreno Valley
Economic Development Department

MEMORANDUM

To: Mayor and City Council
From: Michele Patterson, Redevelopment and Neighborhood Programs Administrator *MP*
Date: December 13, 2010
Subject: Power Point Presentation for December 14, 2010 Council Meeting: Agenda Item
E2: ADOPTION OF FY 2011-2012 CDBG AND HOME PROGRAM
OBJECTIVES AND POLICIES (Report of: Economic Development Department)

Attached is the Power Point Presentation which was not available at the time of agenda preparation.

Thank you.

Approved by:

Barry Foster, Economic Development Director

kp

Attachments

W:\NeighborPres\CDBG\StaffReports\2009-20010\1-13-09\memo to clerks re ppt.doc

This page intentionally left blank.



MORENO

VALLEY

WHERE DREAMS SOAR



MORENO VALLEY
WHERE DREAMS SOAR

*Community Development
Block Grant (CDBG)
& HOME Investment
Partnership Grants*

*Presented by: Barry Foster
Economic Development Director*



**Moreno Valley has worked
with HUD for 23 years
through CDBG and HOME**

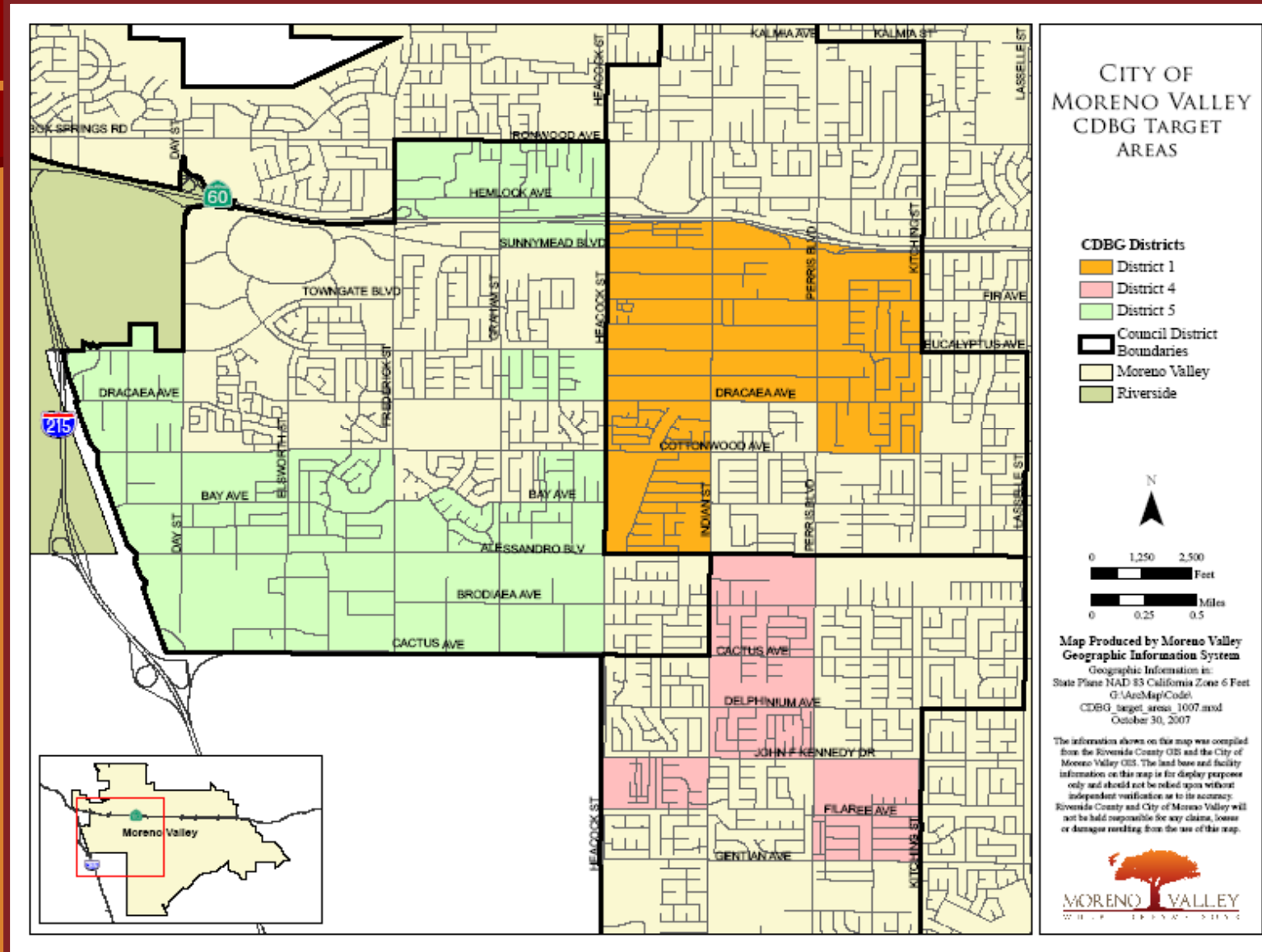


MORENO VALLEY
WHERE DREAMS SOAR

**In 23 years,
HUD has invested
\$40.4 million in Moreno Valley
to enrich lives through a variety
of programs and projects.**



CDBG Target Areas



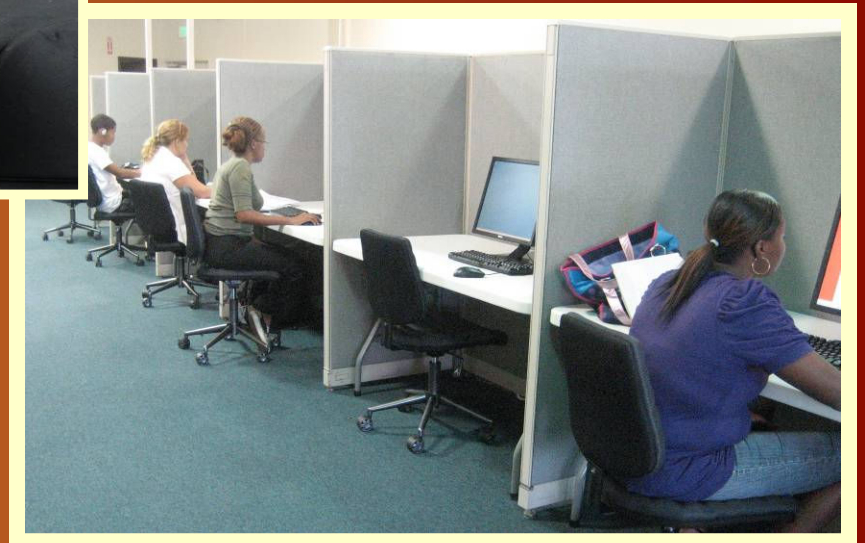
Community Policing



Career Development Programs & Youth Opportunity Center



Employment Resource Center



Small Business Assistance

Counseling & Workshops



Business & Employment Development

- **Burlington Coat Factory - 95 jobs, at least 10 low income**
- **iHerb - 144 jobs, at least 5 low income**
- **Frazee Industries - 40 jobs, at least 7 low income**
- **Buffalo Wild Wings - at least 4 low income jobs expected**
- **ERC- 5 new ERC staff jobs, 4 low income, facilitated 300 positions through recruitments**



Senior Services

Senior Living

Elderly Transportation



Neighborhood Clean-ups



Code Enforcement & Foreclosure Strike Team Services



Patty Posey, left, and Lori Miller, are part of a Moreno Valley code enforcement strike team that has cited banks and owners of abandoned homes in foreclosure for not performing upkeep on the properties.

KURT MILLER/THE PRESS-ENTERPRISE

'Attacking foreclosures'

Moreno Valley duo spend their days trying to keep abandoned homes from blighting city

BY LAURIE LUCAS
THE PRESS-ENTERPRISE

Lori Miller and Patty Posey's enemies are derelict homes, dead grass, rusting fountains, neglected pools and littered lawns that blight Moreno Valley and lower its property values.

They're code compliance officers, dedicated to citing banks and property owners for neglecting

residences. Since the city launched its foreclosure strike team in July 2008, Miller and Posey have helped open 1,400 cases.

When a property is foreclosed on, ownership reverts to the lender, who is legally obligated to keep up the property. Most lenders cooperate and comply with citations for violations, said Al Brady, an official with the city's code and

enforcement services.

When warnings fail, Deputy City Attorney Paul Early pursues the lenders in Riverside County Superior Court.

As a result, Brady said, in 14 months the city has collected \$200,000 in fines and significantly reduced the number of substandard properties.

"We're definitely pleased," Bra-

dy said. "Our aggressive policy and compliance with the city attorney's office has established a tone for attacking foreclosures.

"Unfortunately, new ones keep coming," he said.

Budget cuts in March have exacerbated the problem, cutting the number of full-time officers from three to two. They handle between

ST 11/10/12



Capital Projects

Street Improvements



Capital Projects

Neighborhood Parks



Housing Rehabilitation



Before



After

Affordable Housing

New Construction



Homeless & Transitional Living Shelters, Food Banks & Rental Assistance



Affordable Homeownership



*YouthBuild,
Homeownership
Assistance Program*

*Habitat for
Humanity Homes*



Affordable Housing

Multi-Family Rehabilitations



Before



After

Social Service Objective

Priority Ranking:



'Basic Needs' Related Social Services Programs (such as utility assistance, rental assistance, food programs, etc.)



Employment Services and Job Training



Fair Housing & Foreclosure Prevention Programs



Homeless Services



Crime Prevention & Public Safety Services



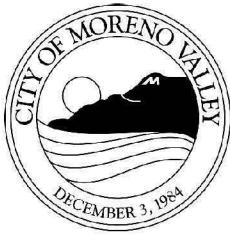
MORENO VALLEY

W H E R E D R E A M S S O A R

CITY COUNCIL REPORTS ON REGIONAL ACTIVITIES

- a. Council Member Richard A. Stewart
report on March Joint Powers
Commission (MJPC)**

This page intentionally left blank.



APPROVALS	
BUDGET OFFICER	<i>cgt</i>
CITY ATTORNEY	<i>WBS</i>
CITY MANAGER	<i>WBS</i>

Report to City Council

TO: Mayor and City Council Acting in their Capacity as the President and Members of the Board of Directors of the Moreno Valley Community Services District (CSD)

FROM: Chris A. Vogt, P.E., Public Works Director/City Engineer

AGENDA DATE: December 14, 2010

TITLE: PUBLIC MEETING TO CONSIDER PUBLIC COMMENTS REGARDING A MAIL BALLOT PROCEEDING (REBALLOT) FOR TRACT 21597 FOR A PROPOSED INCREASE IN THE CSD ZONE D (PARKWAY LANDSCAPE MAINTENANCE) ANNUAL CHARGE

RECOMMENDED ACTION

Staff recommends that the City Council, acting in their capacity as President and Members of the Board of Directors of the Moreno Valley CSD ("CSD Board"), accept public comments regarding the mail ballot proceeding for a proposed increase in the CSD Zone D annual parcel charge to fund an increase in the level of maintenance services provided for Tract 21597.

ADVISORY BOARD/COMMISSION RECOMMENDATION

N/A

BACKGROUND

The Moreno Valley CSD was formed simultaneously with City incorporation in 1984. The designation of zones within the CSD was established to allocate the cost of special services to those parcels receiving the service. Each zone provides specific services to designated areas. The Zone D program provides parkway landscape maintenance at the entry of a tract, around its perimeter, or in the median adjacent to the tract.

The Zone D annual parcel charge funds administration and service costs for the landscape maintenance, which include: mowing, trimming, pruning, weeding, fertilizing, replacing plant material(s) as necessary, removing litter, maintaining the irrigation systems, paying water and

electric utility charges, staff support, and other items necessary for the maintenance of the identified landscape areas.

Proposition 218 requires that any new or proposed increase in property-related assessments, fees, or charges be submitted to property owners for approval. Special Districts conducted a mail ballot proceeding in July 2010, in compliance with Proposition 218, to obtain property owner approval for an increase in the Zone D annual parcel charge. The increase in the charge was necessary to retain landscape maintenance services at the standard service level. The property owners of Tract 21597 did not approve the increase in the Zone D charge. As a result of the increase not being approved, landscape maintenance services would need to be reduced in line with available funding. In compliance with the CSD Zone D Service Plan Policy, on September 1, the property owners in Tract 21597 were notified of the outcome of the mail ballot proceeding and that landscape maintenance services would be reduced effective October 1.

The Policy For Conducting Mail Ballot Proceedings allows for a rebalot of a tract if a petition is circulated among the property owners within the affected tract and the required number of signatures (100%+1 the number of ballots returned in the most recent mail ballot proceeding) is obtained in favor of a rebalot. In response to the forthcoming reduction in landscape maintenance services, on September 14, the CSD received a valid petition, signed by the required number of property owners (22), which initiated the rebalot process for a proposed increase in the CSD Zone D annual parcel charge to fund an increase in the level of maintenance services provided for Tract 21597.

DISCUSSION

Pursuant to a petition received from the property owners, a mail ballot proceeding is being conducted. The mail ballot proceeding allows property owners within Tract 21597 the opportunity to approve or oppose the proposed increase in the CSD Zone D annual charge to fund an increase in the landscape maintenance services provided. The property owners in Tract 21597 are given two opportunities to address the legislative body. These two opportunities are the Public Meeting on December 14, 2010 and the Public Hearing on January 11, 2011.

If a simple majority (50%+1) of the returned valid ballots approve the increase in the annual charge for Zone D, landscape maintenance services shall be reinstated to the standard service level effective July 1, 2011. Due to the timing of the rebalot, the 2010/11 Riverside County property tax bill may not be changed. The approved charge, which is subject to an annual inflation adjustment, shall be levied on the 2011/12 property tax bill. If there is a tie or if a majority of the returned valid ballots oppose the increase in the annual charge for Zone D, landscape maintenance services shall remain at the reduced service level. Each parcel in the tract will still be subject to the previously approved charge.

ALTERNATIVES

1. **Accept public comments** regarding the rebalot of Tract 21597 for the proposed increase in the CSD Zone D annual parcel charge to fund an increase in the level of maintenance

services provided. *By accepting public comment, the City complies with Proposition 218 state statutes for providing public comment in a mail ballot proceeding.*

2. **Do not accept public comments** regarding the rebalot of Tract 21597 for the proposed increase in the Zone D annual parcel charge to fund an increase in the level of maintenance services provided. *This alternative would be contrary to state statutes.*

FISCAL IMPACT

The CSD provides services through various zones, such as Zone D (Parkway Landscape Maintenance), which is a full-cost recovery program. **The collection of the CSD Zone D annual charge is restricted for landscape maintenance services and administration of the CSD Zone D program. There is no impact on the General Fund for the operation of the CSD Zone D program.**

CITY COUNCIL GOALS

Community Image, Neighborhood Pride, and Cleanliness

Continuation of the Zone D service in the landscaped parkway for Tract 21597 shall allow the CSD to maintain the current appearance of the neighborhood.

Revenue Diversification and Preservation

The proposed increase in the CSD Zone D parcel charge for Tract 21597 is based upon actual costs, which include maintenance and administration.

SUMMARY

The action before the CSD Board is to accept public comments regarding the mail ballot proceeding (rebalot) for Tract 21597.

NOTIFICATION

On November 10, 2010, a ballot packet printed in both English and Spanish was mailed to each property owner within Tract 21597. The packet included a notice to property owner, calculation of the 2010/11 standard service charge, map, CSD Zone D service levels, official mail ballot, and a postage-paid envelope for returning the ballot. A sample mail ballot packet is included as Attachment 1.

Newspaper advertising for the December 14, 2010, Public Meeting and January 11, 2011, Public Hearing was published in The Press-Enterprise on November 24, 2010. Additionally, the Public Hearing notification will be published on December 23 and again on December 30, 2010.

ATTACHMENTS

Attachment 1: Sample mail ballot packet for Tract 21597

Prepared by:
Jennifer Terry
Management Analyst

Department Head Approval:
Chris A. Vogt, P.E.
Public Works Director/City Engineer

Concurred by:
Candace E. Cassel
Special Districts Division Manager

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

W:\SpecialDist\jennifert\Ballots for FY 10.11\Zone D\21597 rebalot\Stfrpt Zone D PM 12.14.10.doc

November 10, 2010

APN 484145010

Lupe Luna
14490 Redwing Dr
Moreno Valley, CA 92553

Español al reverso

NOTICE TO PROPERTY OWNER-MAIL BALLOT PROCEEDING (REBALLOT) FOR TRACT 21597 TO REINSTATE COMMUNITY SERVICES DISTRICT (CSD) ZONE D (PARKWAY LANDSCAPE MAINTENANCE) TO THE STANDARD SERVICE LEVEL AND FOR AN INCREASE IN THE ANNUAL ZONE D CHARGE

******* OFFICIAL BALLOT ENCLOSED *******

Introduction

In July, the CSD conducted a mail ballot proceeding where a majority of the valid ballots returned did not approve an increase in the annual Zone D parcel charge to maintain landscape services at the standard service level. Due to available funding, on October 1, Zone D landscape maintenance services were decreased to the reduced service level. In response to the reduction in the service level, the CSD received a petition from property owners within Tract 21597, requesting that a mail ballot proceeding be conducted to reinstate Zone D services to the standard service level. The ballot provides property owners an opportunity to approve or oppose the proposed increase in the annual charge to reinstate the standard level of landscape maintenance services.

Background

The Moreno Valley CSD was formed when the City incorporated in 1984. The CSD set up benefit zones to allocate the cost of special services to those parcels receiving benefit from designated CSD programs. The Zone D (Parkway Landscape Maintenance) program provides landscape maintenance services to housing tracts that have landscaped perimeters, medians, and/or entry statements. In compliance with Proposition 218, "The Right to Vote on Taxes Act", the CSD is conducting a mail ballot proceeding to provide property owners the opportunity to submit a ballot in support or opposition to increase the service level and the proposed increase in the annual charge.

Services Provided

The annual Zone D parcel charge funds administration and service costs for the landscape maintenance, which include: mowing, trimming, pruning, weeding, fertilizing, replacing plant material(s) as necessary, removing litter, maintaining the irrigation systems, paying water and electric utility charges, staff support, and other items necessary for the satisfactory maintenance of the identified landscape areas. Included with this notice is a description of services and the frequency in which they will be performed for each service level.

How is the Amount of the Charge Determined?

The CSD zones are structured to be full cost recovery programs. The annual expenses per tract are divided by the number of parcels in the tract to determine the annual charge per parcel.

NOTICIA LEGAL A LOS PROPIETARIOS DE HOGAR – PROCEDIMIENTO DE VOTACION POR CORREO PARA RESTITUIR EL SERVICIO DE MANTENIMIENTO REDUCIDO (ACTUALMENTE) A (STANDARD) DE PARTE DEL DISTRITO DE SERVICIOS COMUNITARIOS (CSD) AL LAS AREAS DE JARDIN (ZONA D) DEL FRACCIONAMIENTO 21597 Y TAMBIEN PARA UN INCREMENTO AL CARGO ANUAL DE DICHA ZONA

******* BOLETA OFICIAL ADJUNTA *******

Introducción

Durante el pasado mes de Julio, el Distrito de Servicios Comunitarios (CSD) condujo un procedimiento de votación por correo en el cual se pidió a los propietarios de hogar un aumento en el cargo anual por parcela para continuar proveyendo un nivel de servicio de mantenimiento Standard al jardín de su fraccionamiento. La mayoría de las boletas validas fueron devueltas en contra de dicho incremento. Desde el 1 de Octubre, el nivel de servicio fue reducido debido a la escasez de fondos. En respuesta a este cambio al nivel de servicio, el (CSD) recibió una petición de parte de unos propietarios dentro del Fraccionamiento 21597, pidiendo que se condujera otro procedimiento de votación para restituir el nivel de servicio de mantenimiento de reducido a Standard. La boleta le proveerá una nueva oportunidad a los propietarios de hogar de aprobar o oponerse al incremento que se propone al cargo anual y de restituir el nivel de servicio de mantenimiento.

Historial

El CSD de Moreno Valley fue formado cuando la Ciudad se incorporo en 1984. El CSD formo subsidios para asignar los costos de servicios especiales a aquellas parcelas que reciban beneficios de ciertos programas designados por el CSD. El programa de la Zona D (El Mantenimiento de las Áreas de Jardín) provee servicio de mantenimiento a aquellos fraccionamientos que tengan jardín en los camellones, perímetro o monumentos en las entradas. En cumplimiento con la Proposición 218, que estipula el derecho de voto en cuanto a impuestos a la propiedad, “The Right to Vote on Taxes Act”, el CSD esta llevando a cabo este procedimiento electoral para brindar la oportunidad a los propietarios de presentar su boleta a favor u oposición a la restitución del nivel de servicio y del incremento al cargo anual.

Los Servicios que se Proveen

El cargo anual por parcela dentro de la Zona D sufraga los costos de la administración, los costos de mantenimiento a jardín, el cuan incluye: cortar el césped, podar los arbustos, desyerbar, fertilizar, reemplazar plantas cuando sea necesario, remover basura, mantener el sistema de irrigación, el costo de agua y electricidad al igual que otros elementos necesarios para el mantenimiento del jardín. Incluida con esta nota, encontrara una hoja con un resumen de los servicios que se proveen y la frecuencia en que se llevan a cabo, dependiendo de nivel de servicio.

¿Como se determina la cantidad del cargo anual?

Los programas para las zonas CSD, son programas de recuperación de costo total. Los egresos anuales de cada fraccionamiento son divididos por el número de parcelas para determinar el costo anual por parcela.

Reason for the Increase

Higher costs for electricity, water, and maintenance contracts have impacted the overall program costs. The CSD has subsidized these higher costs for several years with available Zone D fund balance. A reduced fund balance requires the CSD to ballot tracts that are not funding the full cost of maintenance. In order to reinstate services to the standard service level, it is necessary to increase the Zone D annual charge.

Current Charge

The 2010/11 Zone D annual parcel charge for reduced landscape maintenance services is \$300.60 per parcel. The annual charge is collected on the County of Riverside property tax bills. The total amount levied for the Zone D program for FY 2010/11 is \$1,104,273.22.

Proposed Charge

The 2010/11 Zone D charge is proposed to be adjusted to \$473.00. This equates to an annual increase of \$172.40 or a monthly increase of \$14.37.

Annual Adjustment

The Zone D charge shall be subject to an annual adjustment based on the percentage increase calculated for the previous calendar year in the Los Angeles-Riverside-Orange County Regional Consumer Price Index for All Urban Consumers, as published by the Department of Labor's Bureau of Labor Statistics in future years.

Zone D Parcel Charge History

The following table sets forth the history of the annual Zone D charge for Tract 21597.

Fiscal Year	Annual Charge	Fiscal Year	Annual Charge	Fiscal Year	Annual Charge
1991-92	\$56.00	1998-99	\$57.00	2005-06	\$257.00
1992-93	\$56.00	1999-00	\$57.00	2006-07	\$257.00
1993-94	\$57.00	2000-01	\$57.00	2007-08	\$295.00
1994-95	\$57.00	2001-02	\$237.00	2008-09	\$295.00
1995-96	\$57.00	2002-03	\$242.00	2009-10	\$295.20
1996-97	\$57.00	2003-04	\$242.00	2010-11	\$300.60
1997-98	\$57.00	2004-05	\$246.00		

Duration of the Charge

If approved, the 2010/11 Zone D charge shall be adjusted to \$473.00. The Zone D charges are levied annually on the County of Riverside property tax bills. The Zone D charge will be levied each following year at the property owner approved charge.

Public Hearing

To provide information concerning the proposed mail ballot proceeding for the Zone D (Parkway Landscape Maintenance) program the CSD has scheduled one (1) Public Meeting and one (1) Public Hearing, which will be held at the **Moreno Valley City Hall Council Chamber located at 14177 Frederick Street, Moreno Valley.**

¿Cual es la razón por el incremento?

El aumento en los costos del agua, la electricidad y de las compañías de mantenimiento han impactado los costos del programa por entero. Por algunos años, el CSD ha subvencionado estos altos costos mediante un saldo de fondos de la Zona D. Una reducción a estos fondos requiere que el CSD lleve a cabo una votación a aquellos fraccionamientos que no estén sufragando de lleno el costo de mantenimiento. Así que para poder restituir el servicio de mantenimiento a un nivel Standard, es necesario incrementar el costo anual de la Zona D.

Cargo Actual

Para el año 2010/11 el cargo anual por parcela para los servicios de mantenimiento reducidos es de \$300.60. Este cargo se colecta mediante la factura de impuesto a la propiedad que se paga al condado de Riverside anualmente. La cantidad total que se recauda para el programa de la Zona D para el año fiscal 2010/11 es de \$1, 104,273.22.

Cargo Que Se Propone

El ajuste que se propone para el cargo anual de la Zona D para el año fiscal 2010/11 es a \$473.00. Esto equivale un aumento anual de \$172.40 o \$14.37 mensual al cargo que usted esta pagando actualmente de \$300.60.

Ajustes Anuales

El cargo anual de la Zona D estará sujeto ha un ajuste anual basado en el cambio a el porcentaje calculado durante el año anterior al Índice Regional de Precio al Consumidor para Todos Los Consumidores Urbanos de los Condados de Los Ángeles-Riverside y Orange, publicado por la Oficina de Estadísticas Laborales del Departamento de Trabajo.

Historial de Cargos Por Parcela Para La Zona D

La siguiente tabla estadística refleja el historial de los cargos anuales de la Zona D para el fraccionamiento 21597.

Año Fiscal	Cargo Anual	Año Fiscal	Cargo Anual	Año Fiscal	Cargo Anual
1991-92	\$56.00	1998-99	\$57.00	2005-06	\$257.00
1992-93	\$56.00	1999-00	\$57.00	2006-07	\$257.00
1993-94	\$57.00	2000-01	\$57.00	2007-08	\$295.00
1994-95	\$57.00	2001-02	\$237.00	2008-09	\$295.00
1995-96	\$57.00	2002-03	\$242.00	2009-10	\$295.20
1996-97	\$57.00	2003-04	\$242.00	2010-11	\$300.60
1997-98	\$57.00	2004-05	\$246.00		

Duración del Cargo

De ser aprobado, el cargo anual para el año fiscal 2010/11 será ajustado a \$473.00. Los cargos de la Zona D son recaudados anualmente mediante la factura de impuestos a la propiedad que colecta el Condado de Riverside. El cargo de la Zona D solo recaudara anualmente el cargo que se aprobara por los propietarios.

Audiencia Pública

El Distrito de Servicios Comunitarios (CSD) ha programado una Audiencia Publica y una Junta Publica para proveer información mas detallada tocante al procedimiento de votación por correo para el programa de la Zona D (Mantenimiento de Jardines). Ambas se llevaran a cabo en el Moreno Valley City Hall Council Chamber localizado en el 14177 Frederick Street, Moreno Valley.

<u>Public Meeting</u>	<u>Public Hearing</u>
Tuesday, December 14, 2010 6:30 P.M. (Or As Soon Thereafter As The Matter May Be Called)	Tuesday, January 11, 2011 6:30 P.M. (Or As Soon Thereafter As The Matter May Be Called)

Tabulation of all returned ballots will commence after the close of the Public Hearing. All ballots received shall be tabulated under the direction of the Secretary of the CSD Board of Directors (City Clerk) in compliance with the current Policy For Conducting Mail Ballot Proceedings Policy #1.12.

Effect if Increase is Approved

If a simple majority (50%+1) of the returned valid ballots approve the increase in the annual charge for Zone D, landscape maintenance services shall be reinstated to the standard service level effective July 1, 2011. Due to the timing of the rebalot, the 2010/11 Riverside County property tax bill may not be changed. The approved charge, which is subject to an annual inflation adjustment, shall be levied on the 2011/12 property tax bill.

Effect if Increase is Not Approved

If there is a tie or if a majority of the returned valid ballots oppose the increase in the annual charge for Zone D, landscape maintenance services shall remain at the reduced service level. Each parcel in the tract will still be subject to the previously approved charge.

For More Information

If you have any questions about the proposed increase in the annual Zone D (Parkway Landscape Maintenance) parcel charge, reinstating Zone D maintenance services to the standard service level, or about the mail ballot proceeding process, please contact the City's Special Districts Division, Monday through Thursday from 7:30 a.m. to 5:30 p.m. at 951.413.3480.

Completing Your Ballot

Property owners may submit the enclosed ballot to the CSD in support or opposition to reinstating the standard service level and the proposed increase in the Zone D annual charge. Please follow the instructions listed below to complete and return your ballot. Procedures for the completion, return, and tabulation of the ballots are also on file in the City Clerk's office.

1. Mark the enclosed ballot in support or opposition to the proposed increase in the Zone D annual charge **by placing a mark in the corresponding box.**
2. Sign your name on the ballot. Ballots received without signature(s) will be considered invalid *and will not be counted.*
3. Mail or personally deliver your ballot in a sealed envelope to the City Clerk's office, 14177 Frederick Street, Moreno Valley, California, 92553. For your convenience, a postage-paid envelope has been included for return of the ballot.
4. Ballot(s) must be **received** by the City Clerk prior to the close of the Public Hearing to be held on **Tuesday, January 11, 2011**, at the Moreno Valley City Hall Council Chamber. The Public Hearing will be held at 6:30 p.m. or as soon thereafter as the matter may be called. Ballots received after the close of the Public Hearing cannot be legally counted.

<u>Junta Publica</u> Martes, 14 de Diciembre del 2010 6:30 P.M. (o tan pronto come el asunto sea presentado)	<u>Audiencia Publica</u> Martes, 11 de Enero del 2011 6:30 P.M. (o tan pronto come el asunto sea presentado)
--	--

Las boletas regresadas serán tabuladas después del cierre de la Audiencia Publica. Todas las boletas recibidas serán tabuladas bajo la dirección del Secretario del Cuerpo de Directores del CSD (Secretario de la Ciudad) en conformidad con la corriente Política Para Conducir Procedimientos De Votación Por Correo 1.12.

El Efecto de Ser Aprobado el Incremento

Si una simple mayoría (50%+1) de las boletas validas aprueban el incremento al cargo anual para la Zona D, el nivel de servicio de mantenimiento Standard será restaurado a partir del 1 de Julio del 2011. La factura de impuesto del Condado de Riverside a la propiedad no será ajustada para al año fiscal 2010/11, debido a la fecha que se llevara a cabo esta votación. El cargo aprobado, el cual es sujeto a un ajuste inflacionario anual, será colectado en la factura de impuesto sobre la propiedad del año 2011/12.

El Efecto Si el Incremento No Es Aprobado

Si la mayoría de las boletas regresadas se oponen al incremento al cargo anual para la Zona D o si hay un empate, el nivel de servicio de mantenimiento reducido continuara. Cada parcela dentro del fraccionamiento continuara sujeta al cobro anual previamente aprobado.

Para Mas Información

Si tiene alguna pregunta acerca del incremento anual propuesto por parcela para Zona D (Mantenimiento de Jardines), restitución del nivel de servicio de mantenimiento a la Zona D de reducido a Standard, o acerca del procedimiento de votación por correo, por favor llame al la División de Distritos Especiales de la Ciudad de Lunes a Jueves, 7:30 a.m. a 5:30 p.m. al 951.413.4380.

Como Llenar La Boleta

Los propietarios podrán enviar la boleta adjunta al CSD en apoyo u oposición al reestablecimiento del nivel de servicio a Standard y al propuesto aumento al cargo anual de la Zona D. Por favor siga las instrucciones siguientes en cuanto a como llenar y devolver la boleta correctamente.

1. En la boleta **ponga una marca en la caja correspondiente**, ya sea que este votando a favor o en contra.
2. Firme la boleta. Cualquier boleta que sea devuelta sin firma(s) será considerada invalida y por lo tanto no será contada.
3. Envié la boleta en el sobre adjunto a la oficina de Secretaria de la Ciudad (City Clerk's office) a la siguiente dirección, 14177 Frederick Street, Moreno Valley, CA, 92553. Para su conveniencia, el sobre incluido tiene el franqueo pagado. También puede traer su boleta personalmente si así lo desea a la misma dirección.
4. Las boletas deberán ser recibidas por el Secretario de la Ciudad antes del cierre de la Audiencia Publica que se llevara a cabo el Martes, 11 de Enero del 2011, en la Cámara de Ayuntamiento de Moreno Valley (Moreno Valley City Hall Council Chamber). Esta audiencia comenzara a las 6:30 p.m. o en tanto sea posible tratar el asunto. Legalmente, las boletas que sean recibidas después del cierre de la Audiencia Publica, no podrán ser contadas.

Ballot Marks

Appropriate ballot markings include any one of the following for either the YES/Approved or NO/Not Approved blank box:



A check mark substantially inside a box;



An X mark substantially inside a box;



A dot or oval mark substantially inside a box;



A completely shaded or filled mark substantially inside a box;



A line, single or dashed, or combination of lines, through the box area. Lines may be any one of the following marks: horizontal, vertical, or diagonal. The mark may either run from side to side or corner to corner. All valid lines must be substantially within the box area and not marking any part of another blank box on the ballot;



A circle around the box and/or associated clause; or



A square or rectangle around the box and/or associated clause.

Balloting marks shall not extend past one box area into any portion of another nor surround the perimeter or any portion of more than one box area. Markings that extend past one box area into any portion of another or surround the perimeter or any portion of more than one box area shall be considered invalid and not counted.

Ballot Mark Revisions (Changes): An error or desire to revise (change) a selection made on the ballot may be completed and returned any time **prior** to the conclusion of public testimony at the Public Hearing. **The revision must be initialed by the record owner(s) of property. Initials must be clearly printed and placed at the right top corner of the revised selection.**

Marcas Validas

Los siguientes son ejemplos de marcas que se consideran apropiadas para votar Si/Aprobado o No/No Aprobado en su boleta electoral.



Una marca que este mayormente dentro de la caja;



Una X que este mayormente dentro de la caja;



Un punto o marca ovalada que este mayormente dentro de la caja;



Llenar la caja completamente mayormente dentro de las líneas;



Una línea, llena o quebrada, o combinación de líneas. Podrá usar líneas verticales, horizontales o diagonales. Puede marcar de una esquina a otra. Sin embargo, para que su voto sea valido, siempre manténgase mayormente dentro de la caja que este marcando sin marcar la quede vacía;



Un circulo alrededor de la caja y/o la cláusula asociada; o



Un cuadro o rectángulo alrededor de la caja y/o cláusula asociada.

Las marcas en las boletas no deberán extenderse mas allá del área de la caja que ha escogido. Si la marca de una caja se extiende a la otra o al la porción que explica el significado de esta, la boleta será considerada invalida y por lo tanto no será contada.

Cambios o revisiones a las marcas de la boleta

Si comete un error al marcar su voto en la boleta o simplemente desea cambiar su voto, podrá hacerlo mediante poner sus iniciales claramente marcadas al derecho de la selección que halla ajustado. Cualquier cambio deberá ser iniciado por el propietario solamente. Solo se aceptaran estos cambios o ajustes a las boletas si son recibidas antes del cierre del testimonio publico en la Audiencia Publica.

CITY OF MORENO VALLEY
COMMUNITY SERVICES DISTRICT (CSD) ZONE D
FISCAL YEAR 2010/11 STANDARD SERVICE ANALYSIS FOR TRACT 21597

Estimated Expenditures***Direct Costs***

Base Maintenance Contract	\$ 9,330.96
Vandalism	6.49
Electricity (Southern California Edison)	270.70
Water (Eastern Municipal Water District)	5,070.67
Repair and Replacement/Miscellaneous Direct Expenses	1,857.53
Landscaping Equipment and Personnel	14,141.52
Total Direct Costs	\$ 30,677.87

Indirect Costs

Miscellaneous Indirect Expenses	\$ 141.52
Special Districts Administration	1,786.02
City Administration	2,796.86
Total Indirect Costs	\$ 4,724.40

Total Expenditures **\$ 35,402.27**

Proposed Revenues

Proposed 2010/11 Zone D Charge	\$ 473
Number of parcels in Tract 21597	X 75
Total Revenue based on the proposed charge	\$ 35,475.00

Base Maintenance Contract: includes total annual costs for contract services of bonded and insured professional landscape contracting firm, based upon prevailing wage requirements. (Contract cost for fiscal year 2010/11.)

Vandalism: includes abatement of nuisance (i.e. rubbish removal) and necessary repairs.

Repair and Replacement and Miscellaneous Direct Expense: may include, but are not limited to, major and intermediate irrigation rehabilitation and/or renovation projects (including parts), replacement of plant materials, fertilizers and pesticides, tree trimming, and mulching.

Landscape Equipment and Personnel: personnel costs for oversight of landscape contractor, manual labor time for assistance with major and minor repairs, renovation, and landscape replacement/removal projects. Landscape irrigation parts (for minor and/or emergency repairs), and equipment (used by personnel). Service vehicle fuel and telecommunications equipment.

Special Districts Administration: includes professional services and other municipal agency services.

City Administration: administrative services and liability insurance.

Miscellaneous Indirect Expenses: tools, uniforms, training, copying, mailing, postage, etc.

Ciudad de Moreno Valley
Distrito de Servicios Comunitarios (CSD) Zona D
Análisis Para el Año Fiscal 2010/11 Para el Fraccionamiento 21597

Egresos estimados

Costos Directos

Contrato de Mantenimiento Base	\$ 9,330.96
Vandalismo	6.49
Electricidad (Southern California Edison)	270.70
Agua (Eastern Municipal Water District)	5,070.67
Reparación o Reemplazo/Gastos misceláneos directos	1,857.53
Equipo de jardinería y personal	14,141.52
Total de Costos Directos	\$ 30,677.87

Costos Indirectos

Gastos misceláneos indirectos	\$ 141.52
Administración de Distritos Especiales	1,786.02
Administración de la Ciudad	2,796.86
Total de Costos Indirectos	\$ 4,724.40

Total de Egresos **\$ 35,402.27**

Ingresos Propuestos

Cargo de la Zona D propuesto para el año 2010/11	\$ 473
Numero de parcelas dentro del fraccionamiento 21597	X 75
Total de Ingresos Basados en el Cargo Propuesto	\$ 35,475.00

Contrato de Mantenimiento Base: incluye el total de costo anual que se paga a la compañía de jardinería profesional. La compañía que provee este servicio esta completamente asegurada y esta requerida pagar salario prevaleciente a sus empleados.

Vandalismo: incluye llevar a cabo reparaciones necesarias y la reducción de molestias publicas.

Reparación y Reemplazo/ Gastos Misceláneos Directos: pudiera incluir, pero no limitado a, reparaciones al sistema de irrigación sean menores o mayores o renovar el sistema por completo. Reemplazar plantas, fertilizantes y pesticidas, podado de árboles y instalación de mantillo.

Equipo de Jardinería y Personal: costos relacionados con la supervisión al contratista, costo laboral para asistir en reparaciones menores o mayores, renovaciones y reemplazar/remover proyectos de jardinería. Partes para el sistema de irrigación y equipo. Combustible para los vehículos (usados por el personal) y equipos de comunicación.

Administración de Distritos Especiales: incluye los servicios profesionales y servicios de otras agencias municipales

Administración de la Ciudad: servicios administrativos y seguro de responsabilidad civil.

Gastos Misceláneos Indirectos: herramienta, uniformes, entrenamientos, gastos de envío, etc.




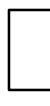

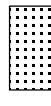
**COMMUNITY SERVICES DISTRICTS
ZONE D (Parkway Landscape Maintenance)
SERVICE LEVELS**

DESCRIPTION OF SERVICE LEVELS	ZONE D (PARKWAY LANDSCAPE MAINTENANCE) <u>STANDARD SERVICE</u>	ZONE D (PARKWAY LANDSCAPE MAINTENANCE) <u>REDUCED SERVICE</u>	ZONE D (PARKWAY LANDSCAPE MAINTENANCE) <u>REDUCED STREET TREE SERVICE / RIGHT-OF-WAY AREA</u>
MOWING, EDGING & TRIMMING (OF TURF AREAS ONLY)	Weekly	Monthly (or Bi-monthly as needed)	N/A
AERATION	3 times per year	As needed (budget permitting)	N/A
TREE TRIMMING	1 time every 3-4 years or when necessary to eliminate hazard and/or ROW encroachment	1 time every 5-7 years or when necessary to eliminate hazard and/or ROW encroachment	1 time every 5-7 years or when necessary to eliminate hazard and/or ROW encroachment
SHRUB TRIMMING	1 time per year (minimum) to eliminate hazard and/or ROW encroachment	1 time per year to eliminate hazard and/or ROW encroachment	1 time per year to eliminate hazard and/or ROW encroachment
GROUND COVER TRIMMING	4 times per year (quarterly) to eliminate hazard and/or ROW encroachment	2 times per year to eliminate hazard and/or ROW encroachment	2 times per year to eliminate hazard and/or ROW encroachment
WEED CONTROL	Monthly	4 times per year (quarterly)	4 times per year (quarterly)
IRRIGATION	Weekly (inspect/adjust/repair)	Monthly (inspect/adjust/repair)	Monthly (inspect/adjust/repair)
LITTER REMOVAL	Weekly	1 time per month or at least 1 time per 2 months	1 time per month or at least 1 time per 2 months
TURF FERTILIZER	7 applications per year	3 applications per year	N/A
SHRUB FERTILIZER	2 applications per year	1 application per year	N/A
TREE FERTILIZER	As needed	As needed (budget permitting)	As needed (budget permitting)
SHRUBS/GROUND COVERS	Pre-emergent 2 times per year	As needed (budget permitting)	N/A
SHRUBS/GROUND COVERS	Snail control (as needed)	As needed (budget permitting)	N/A
SHRUBS/GROUND COVERS	Insect/disease control (as needed)	As needed (budget permitting)	N/A
SHRUBS/GROUND COVERS	Vertebrate pest control (as needed)	As needed (budget permitting)	N/A
TURF	Weed control (as needed)	As needed (budget permitting)	N/A
TURF	Vertebrate pest control (as needed)	As needed (budget permitting)	N/A

DISTRITO DE SERVICIOS COMUNITARIOS
ZONA D (Mantenimiento de Áreas de Jardín)
NIVELES DE SERVICIO

DESCRIPCIÓN DE LOS NIVELES DE SERVICIO	ZONA D (MANTENIMIENTO LAS ÁREAS DE JARDIN) SERVICIO STANDARD	ZONA D (MANTENIMIENTO LAS ÁREAS DE JARDIN) SERVICIO REDUCIDO	ZONA D (MANTENIMIENTO A LAS ÁREAS DE JARDIN) SERVICIO DE ÁRBOLES REDUCIDO DE LAS CALLES / AREA DE DE RECHO DE VIA
CORTADO DEL CESPED	Semanalmente	Mensual (o bimensual como sea necesario)	N/A
AERACIÓN DEL CESPED	3 veces por año	Como sea necesario (de acuerdo al presupuesto)	N/A
PODADO DE ÁRBOLES	1 vez cada 3-4 años o cuando sea necesario para eliminar peligros/o invasión al derecho de vía	1 vez cada 5-7 años o cuando sea necesario para eliminar peligros/o invasión al derecho de vía	1 vez cada 5-7 años o cuando sea necesario para eliminar peligros/o invasión al derecho de vía
PODADO DE ARBUSTOS	1 vez por año (mínimo) para eliminar peligros/o invasión al derecho de vía	1 vez por año para eliminar peligros/o invasión al derecho de vía	1 vez por año para eliminar peligros/o invasión al derecho de vía
PODADO DE CUBIERTA VEGETAL	4 veces por año (trimestralmente) para eliminar peligros/o invasión al derecho de vía	2 veces por año para eliminar peligros/o invasión al derecho de vía	2 veces por año para eliminar peligros/o invasión al derecho de vía
CONTROL DE HIERBAS	Mensualmente	4 veces por año (trimestralmente)	4 veces por año (trimestralmente)
IRRIGACIÓN	Semanalmente (inspeccionar/ajustar/reparar)	Mensualmente (inspeccionar/ajustar/reparar)	Mensualmente (inspeccionar/ajustar/reparar)
RECOGIMIENTO DE BASURA	Semanalmente	1 vez por mes o por lo menos 1 vez cada 2 meses	1 vez por mes o por lo menos 1 vez cada 2 meses
FERTILIZACIÓN DE CÉSPED	7 aplicaciones por año	3 aplicaciones por año	N/A
FERTILIZACIÓN DE ARBUSTOS	2 aplicaciones por año	1 aplicación por año	N/A
FERTILIZACIÓN DE ÁRBOLES	Como sea necesario	Como sea necesario (de acuerdo al presupuesto)	Como sea necesario (de acuerdo al presupuesto)
ARBUSTOS/CUBIERTA VEGETAL	Pre-crecido 2 veces al año	Como sea necesario (de acuerdo al presupuesto)	N/A
ARBUSTOS/CUBIERTA VEGETAL	Control de caracoles (como sea necesario)	Como sea necesario (de acuerdo al presupuesto)	N/A
ARBUSTOS/ CUBIERTA VEGETAL	Control de insectos/plagas (como sea necesario)	Como sea necesario (de acuerdo al presupuesto)	N/A
ARBUSTOS/ CUBIERTA VEGETAL	Control de animal(es) vertebrados (como sea necesario)	Como sea necesario (de acuerdo al presupuesto)	N/A
CÉSPED	Control de hierbas (como sea necesario)	Como sea necesario (de acuerdo al presupuesto)	N/A
CÉSPED	Control de animal(es) vertebrados (como sea necesario)	Como sea necesario (de acuerdo al presupuesto)	N/A

Tract/Fraccionamiento 21597

-  Median/Camellon
-  Landscaped Areas/Areas de jardin
-  Roads/Calles
-  Parcels/Parcelas
-  City Boundary/Limite de la ciudad
-  Tract/Fraccionamiento 21597

Map reflects all changes indicated on Riverside County Assessor Maps as of October 25, 2010.

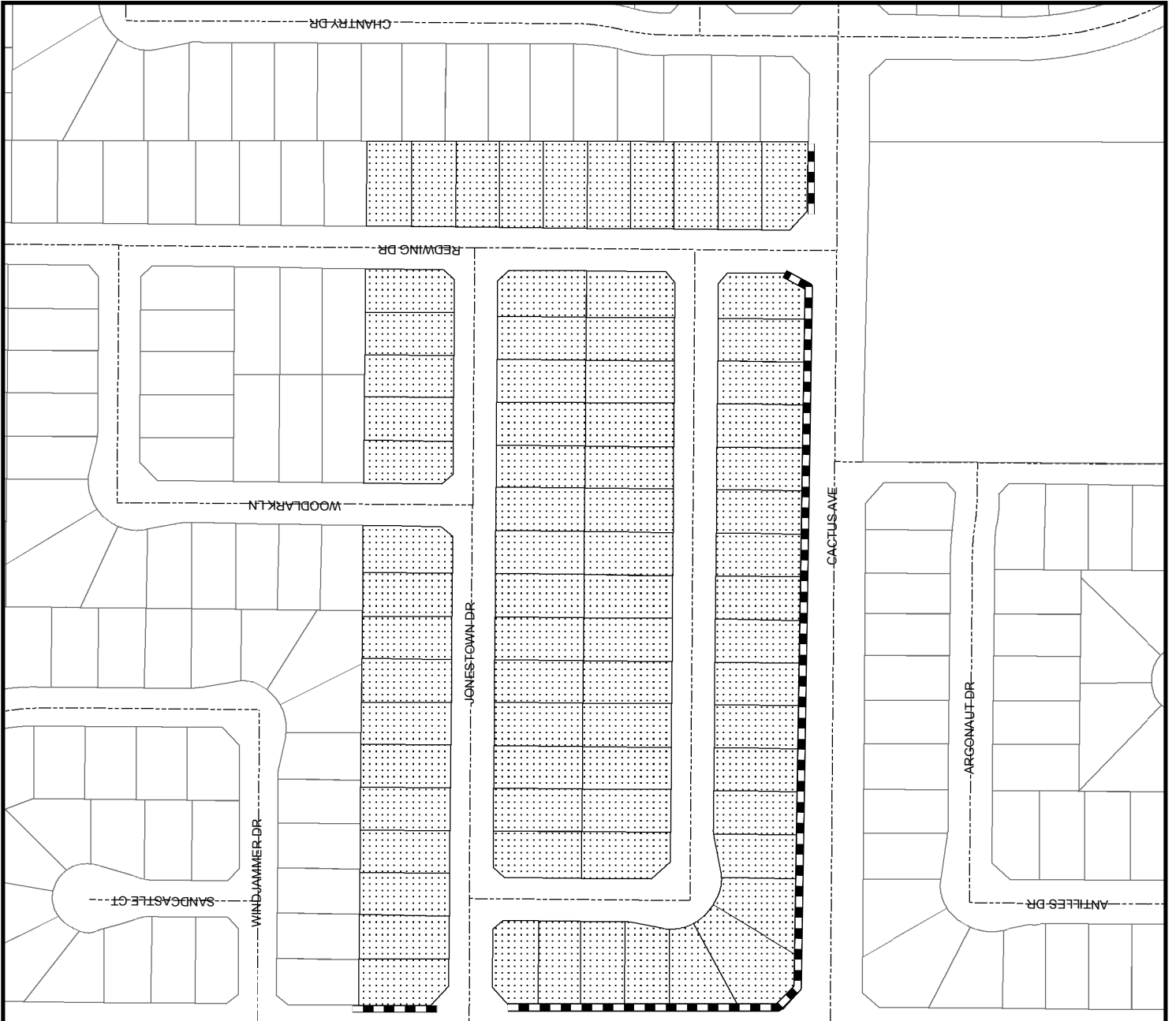


G:\A\PI\SDA\TR 21597.mxd

The information shown on this map was compiled from the Riverside County GIS and the City of Moreno Valley GIS. The land base and facility information on this map is for display purposes only and should not be relied upon without independent verification as to its accuracy. Data and information on this map is subject to update and modification. Riverside County and City of Moreno Valley will not be held responsible for any claims, losses or damages resulting from the use of this map. This map is not to be recopied or resold.



MORENO VALLEY
WHERE DREAMS SOAR



**OFFICIAL BALLOT/BOLETA OFICIAL for Assessor Parcel No. 484141001
CSD ZONE D (PARKWAY LANDSCAPE MAINTENANCE) - TRACT NO. 21597**



Mark the enclosed ballot in support or opposition to the proposed increase in the Zone D annual charge by placing a mark in the corresponding box and signing your name on the adjacent signature line. An unmarked or unsigned ballot will be considered invalid and will not be counted. This ballot must be received by the Secretary of the Board of the CSD (City Clerk) prior to the close of the Public Hearing on January 11, 2011, at the Moreno Valley City Hall Council Chamber, 14177 Frederick Street, Moreno Valley, California. The Public Hearing will be held at 6:30 p.m. or as soon thereafter as the matter may be called.

Marque la boleta en el recuadro correspondiente si esta a favor o en contra al incremento propuesto al cargo anual para la Zona D. Después, firme en la línea que corresponda al recuadro elegido solamente. Cualquier boleta que sea devuelta sin voto o firma(s) será considerada invalida y por lo tanto no será contada. Las boletas deberán ser recibidas por el Secretario de la Ciudad antes del cierre de la Audiencia Publica que se llevara a cabo el 11 de Enero del 2011, en la Cámara de Ayuntamiento de Moreno Valley (Moreno Valley City Hall Council Chamber), a las 6:30 p.m. o en tanto sea posible tratar el asunto.

Yes/Si

PROPERTY OWNER SIGNATURE/FIRMA DEL PROPIETARIO DATE/FECHA

Yes, I approve the CSD reinstating landscape maintenance services to the standard service level effective July 1, 2011 and the increase in the Zone D annual charge of \$172.40. The increase will adjust the approved annual charge for FY 2010/11 from \$300.60 to \$473.00. The approved charge is subject to an increase based on the annual inflation adjustment based on the percentage increase calculated for the previous calendar year in the Los Angeles-Riverside-Orange County Regional Consumer Price Index for All Urban Consumers, as published by the Department of Labor's Bureau of Labor Statistics in future years.

Si, yo apruebo la restauración al servicio de mantenimiento a servicio Standard comenzando el 1 de Julio, 2011 y también al incremento anual de la Zona D a \$172.40. Dicho incremento resultara en un ajuste al cargo anual para el año fiscal 2010/11 de \$300.60 a \$473.00. Este cargo esta sujeto a un ajuste inflacionario basado en el cambio al porcentaje calculado durante el año anterior al Índice Regional de Precio al Consumidor para Todos Los Consumidores Urbanos de los Condados de Los Ángeles-Riverside y Orange, publicado por la Oficina de Estadísticas Laborales para los años venideros del Departamento de Trabajo.



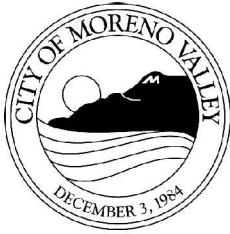
No/No

PROPERTY OWNER SIGNATURE/FIRMA DEL PROPIETARIO DATE/FECHA

No, I do not approve to increase the landscape maintenance service level or the increase to the 2010/11 Zone D annual charge of \$172.40. I understand landscaping services for Tract 21597 shall continue at the reduced service level and that the currently approved charge will continue to be levied on the property tax bill.

No, yo no apruebo la restauración al servicio de mantenimiento a servicio Standard y también al incremento anual de la Zona D a \$172.40. Yo entiendo que los servicios de jardinería para el Fraccionamiento 21597 continuaran en nivel reducido y que el cobro aprobado actual continuara siendo recaudado por medio de la factura de impuestos a la propiedad.





APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>Ren</i>
CITY MANAGER	<i>WJB</i>

Report to City Council

TO: Mayor and City Council

FROM: Rick Teichert, Financial & Administrative Services Director

AGENDA DATE: December 14, 2010

TITLE: FIRST QUARTER BUDGET REVIEW – Fiscal Year 2010-11

RECOMMENDED ACTION

Staff recommends that the City Council take the following actions:

1. Receive and file this report; and
2. Approve the proposed budget development guidelines and review schedule for Fiscal Year 2011-12.

BACKGROUND

The City Council is annually updated on the City's financial status through a Mid-Year Budget Review occurring each February which reflects operational results for the first six months of the fiscal year, from July through December. Due to the significant deterioration in the economy and its impact on City revenues, a First Quarter Budget Review has been added the last several years to apprise the Council regarding the City's financial status through the first quarter of the fiscal year. This First Quarter Budget Review presents the City's financial status through September 30, 2010. The report focuses on the City's General Fund, which is of greatest concern with respect to the revenue impacts of the weak economy, but also provides financial summaries for other key funds such as Parks, Library, Gas Tax, and the Electric Utility.

In addition, this report will address the remaining structural deficit and discuss an approach to focus on aligning ongoing expenses with the projected revenue stream. Staff is recommending a multi-year City Council approved plan that focuses on the available fund balance, or savings, and uses some of these savings strategically over a three year period to gradually, but significantly reduce expenses to match revenues by June 2014. This plan will impact expense reductions as early as the Mid-Year FY 2010-11 Budget Update, and will be implemented in conjunction with the FY 2011-12 Budget.

The City Council and staff have worked diligently during the past two years to reduce the structural General Fund expenditure budget by over \$12 million. The General Fund operating budget has been reduced from \$96 million in FY 2007/08 to \$81 million in FY 2010-11. The structural expense reductions have included defunding of 80 positions generating savings of about \$7 million annually. In addition, staff has been on a 36 hour work week or 10% furlough program that saves about \$1.4 million each year. Many additional actions throughout the General Fund have also been implemented totaling about \$3.6 million; such as reducing travel & training, suspending merit and step increases, reductions in use of professional services and many others. In short, the City has been reducing the budget through recent Deficit Reduction Plans in response to rapidly declining revenues. The end of the recession has brought revenue stability for the first time in several years. Although significant growth in revenues is not anticipated for several years, the City Council and staff can now focus on a Deficit Elimination Plan that will reduce structural expenditures to the stable revenue level.

DISCUSSION

Prior Year Savings Needed to Balance the FY 2010-11 Budget

One of the key components in balancing the FY 2010-11 General Fund budget was the projected savings of \$1,020,000 from the FY 2009-10 Budget, to be carried forward to FY 2010-11. Although audited year-end results will not be available until the end of December, unaudited results indicate that the budget savings is actually \$2.4 million. The additional savings has been used to fund three additional police officers (\$580,000) and to fund the settlement with the bargaining units during FY 2010-11 (\$100,000). The remaining balance of \$688,000 will be evaluated during the mid-year budget review process. Staff is recommending the use of this one-time funding in conjunction with the Deficit Elimination Plan being developed. Achieving this savings is a significant accomplishment and represents the combined efforts of all City departments to continue identifying and implementing cost-cutting measures in response to closing the structural budget deficit. Audited results for FY 2009-10 will be presented to Council in conjunction with the Mid-Year Budget Review, as well as in the Comprehensive Annual Financial Report (CAFR).

FY 2010-11 First Quarter Results

General Fund Revenues

Due to the uneven schedule of revenue receipts, combined with the year-end accrual process, revenues received through the first quarter of the fiscal year are historically only 8.8% of the annual budget, even though 25% of the fiscal year has elapsed. Through the first quarter of FY 2010-11, 9.0% of budgeted revenues have been received, as shown in the following table.

As shown below, General Fund revenues through September exceed the expected level based on historical receipts. Revenues will be carefully monitored each month. However, the current economic reports indicate that factors impacting the City's primary revenue base are stabilizing and staff anticipates stable revenues through the balance of FY 2010-11.

Staff has begun to analyze and review the budgeted revenues for FY 2010-11 compared to data that is becoming available regarding these revenues. Staff is seeing important changes in four specific revenue sources and will recommend adjustments based on these changes as part of the Mid-Year Budget actions.

Property Tax

Property Tax was assumed to drop by 14% from previous year levels. The data from the County Assessor's office indicate that the actual reduction will be about 4.3%. Staff is waiting to see the impacts of some appeals still in process. This change will add about \$2 million in additional revenue to the current budget.

Sales Tax

Sales tax was up a total of 8% for the most recent quarter of data, which is for the quarter ending June 2010. Accounting for one-time adjustments, according to our sales tax advisors, The HdL Companies, the ongoing gain is about 5%. This is largely the result of new businesses that have been recruited to the City through Economic Development efforts, along with improvements in some business categories, such as restaurants and discount retailers. Staff will monitor the first quarter results for FY 2010-11 sales taxes to determine if this trend is holding. A five percent increase will achieve the current budget amount of \$9.7 million.

Investment Income

Investment income was overestimated during the budget process at \$4.4 million. This was a result of estimating the impacts of the transition to Chandler Capital and through a miscommunication of how the interest earnings are calculated. The actual interest earnings are expected to be \$3.4 million, which is supported by the FY 2009/10 actuals. Staff will make this correction at mid-year.

Development Services Revenues and Fees

The actual revenues from development service fees for FY 2009-10 were about \$1 million below the current budget levels for FY 2010-11. Staff will continue to closely monitor this activity level and recommend any adjustments at mid-year.

Overall, these changes are offsetting and will have little net impact to the base revenue for the General Fund in FY 2010-11. Due to this fact, staff will propose refinement of these budget line items as a component of the Mid-Year Budget Review in February 2011.

General Fund Expenditures

The following table shows the General Fund expenditure results through the first quarter of the fiscal year.

Although not all expenditures have a straight-line spending pattern, operating expenditures should generally be within 25% of the annual budget at the end of the first quarter, since 25% of the fiscal year has elapsed. As shown in the following table, General Fund expenditures through September are at 23.6% of the adjusted budget. This expenditure pace is consistent with expectations for the first quarter of activity.

City of Moreno Valley					
General Fund 1st Quarter Financial Review					
Funds 10, 11 & 133					
Month Ended September 30, 2010					
	Budgeted Amounts				
	Original	Final	Expected Percentage	Sep-10	% of Actual to Budget
Revenues:					
Taxes:					
Property Taxes	\$ 8,596,100	\$ 8,596,100	0.0%	\$ -	0.0%
Property taxes in lieu	11,773,400	11,773,400	0.0%	-	0.0%
Utility taxes	15,200,000	15,200,000	12.0%	2,412,085	15.9%
Sales taxes	9,735,100	9,735,100	8.2%	570,900	5.9%
Other taxes	6,556,500	6,556,500	12.0%	584,448	8.9%
Licenses and permits	1,363,600	1,363,600	22.0%	274,203	20.1%
Intergovernmental	643,500	643,500	22.0%	159,662	24.8%
Charges for services					
Administrative charges	2,691,500	2,691,500	23.0%	637,050	23.7%
Inspection Fees	717,900	717,900	22.0%	124,005	17.3%
Parking control fees	1,344,800	1,344,800	17.0%	193,420	14.4%
Plan check fees	1,439,200	1,439,200	12.0%	117,488	8.2%
Other charges for services	2,091,200	2,091,200	18.0%	399,416	19.1%
Use of money and property					
Interest income	4,478,500	4,478,500	25.0%	536,813	12.0%
Other use of money and property	49,400	49,400	25.0%	12,970	26.3%
Fines and forfeitures	1,117,000	1,117,000	5.0%	68,628	6.1%
Miscellaneous	172,700	172,700	12.0%	22,208	12.9%
Total Revenues	\$ 67,970,400	\$ 67,970,400	8.8%	\$ 6,113,296	9.0%
Expenditures:					
Current:					
General government					
City council	579,922	579,922	25.0%	114,232	19.7%
City manager	1,279,359	1,294,359	25.0%	234,489	18.1%
City clerk	634,286	525,333	25.0%	99,204	18.9%
City attorney	1,015,407	1,015,407	25.0%	190,125	18.7%
Economic development	436,287	436,287	25.0%	110,171	25.3%
Financial and administrative services	3,108,962	3,108,962	25.0%	627,434	20.2%
Human resources	958,505	958,505	25.0%	115,547	12.1%
Non-departmental	2,694,500	2,679,500	25.0%	1,674,827	62.5%
Public safety					
Police	41,291,771	41,870,739	25.0%	9,220,556	22.0%
Fire	15,666,535	15,666,535	25.0%	3,952,359	25.2%
Animal services	2,287,240	2,287,240	25.0%	494,645	21.6%
Emergency operations/volunteer services	605,166	605,166	25.0%	138,521	22.9%
Crossing guards	583,439	583,439	25.0%	93,939	16.1%
Community development					
Community development	4,629,070	4,629,070	25.0%	976,434	21.1%
Public works					
Public works	3,551,311	3,551,311	25.0%	751,768	21.2%
Total Expenditures	\$ 79,321,760	\$ 79,791,775	25.0%	\$ 18,794,251	23.6%
<i>Excess (Deficiency) of Revenues</i>					
<i>Over (Under) Expenditures</i>					
	(11,351,360)	(11,821,375)		(12,680,955)	
Other Financing Sources (Uses):					
Transfers in	263,000	263,000	25.0%	83,569	31.8%
Transfers out	(1,582,740)	(1,582,740)	25.0%	(395,685)	25.0%
Total Other Financing Sources (Uses)	\$ (1,319,740)	\$ (1,319,740)	25.0%	\$ (312,116)	28.4%
<i>Net Balance</i>	<i>(12,671,100)</i>	<i>(13,141,115)</i>		<i>(12,993,071)</i>	

Financial Outlook & Action Plan

Although it is early in the fiscal year, revenue and expenditure results through the first quarter of FY 2009-10 are positive and indicate a stable outlook for the remainder of the fiscal year. **Therefore, no actions are recommended with respect to workforce reduction or other expenditure reductions, beyond the prudent cost-control measures already being implemented by all departments.**

As staff prepares the Three Year Deficit Elimination Plan, actions that are recommended for implementation for July 1, 2011 will be reviewed for the potential for early implementation with the Mid-Year Budget Review for FY 2010-11. Staff will also propose other opportunities for cost reduction at mid-year that are appropriate.

First Quarter Summaries of Other Major Funds

Community Services District (CSD) Zone A – Parks & Community Services

City of Moreno Valley
Zone A Parks and Community Services Fund 1st Quarter Financial Review
Fund 161
Month Ended September 30, 2010

	Budgeted Amounts		Expected Percentage	Sep-10	% of Actual to Budget
	Original	Final			
Revenues:					
Taxes:					
Property Taxes	\$ 1,586,789	\$ 1,586,789	0.0%	\$ -	0.0%
Charges for services					
Inspection Fees	6,000	6,000	0.0%	-	0.0%
Parcel fees	4,682,200	4,682,200	0.0%	438	0.0%
Plan check fees	33,600	33,600	0.0%	-	0.0%
Recreation fees	492,200	492,200	25.0%	138,546	28.1%
Other charges for services	423,700	423,700	18.0%	108,925	25.7%
Use of money and property					
Interest income	-	-	0.0%	1,339	n/a
Other use of money and property (rental income)	457,800	458,800	25.0%	138,645	30.2%
Miscellaneous	25,500	26,433	12.0%	12,490	47.3%
Total Revenues	\$ 7,707,789	\$ 7,709,722	4.1%	\$ 400,383	5.2%
Expenditures:					
Current:					
Community and cultural					
Senior Program	489,539	490,472	25.0%	113,654	23.2%
Parks and recreation administration	468,235	468,235	25.0%	99,820	21.3%
Park ranger program	320,241	320,241	25.0%	68,059	21.3%
Recreation programs	1,702,569	1,702,569	25.0%	367,725	21.6%
Park maintenance	2,772,945	2,772,945	25.0%	611,246	22.0%
Park maintenance - contract	458,100	458,100	25.0%	98,122	21.4%
Golf course program	289,886	289,886	25.0%	76,430	26.4%
Recreation and conference	442,548	442,548	25.0%	109,700	24.8%
Recreation and conference - banquets	251,044	251,044	25.0%	56,503	22.5%
Parks projects	152,410	152,410	25.0%	31,210	20.5%
Community services	142,088	142,088	25.0%	36,344	25.6%
Community events	78,072	78,072	25.0%	29,679	38.0%
Non-departmental	250,300	250,300	25.0%	62,575	25.0%
Capital outlay	6,400	6,400	25.0%	7,819	122.2%
Total Expenditures	\$ 7,824,377	\$ 7,825,310	25.0%	\$ 1,768,886	22.6%
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>					
	(116,588)	(115,588)		(1,368,503)	
Other Financing Sources (Uses):					
Transfers in	289,800	289,800	0.25%	78,703	27.2%
Total Other Financing Sources (Uses)	\$ 289,800	\$ 289,800	25.0%	\$ 78,703	27.2%
<i>Net Balance</i>	<i>173,212</i>	<i>174,212</i>		<i>(1,289,800)</i>	

The revenues are tracking slightly ahead of expectations. The largest revenue sources are property tax and parcel fees, which are collected and remitted twice annually. The first distribution should be received in January 2011. Expenses are slightly lagging expectation as a result of controlling costs and monitoring expenditures.

▪ **Community Services District (CSD) Zone L – Library**

**City of Moreno Valley
Zone L Library 1st Quarter Financial Review
Fund 131
Month Ended September 30, 2010**

	Budgeted Amounts		Expected Percentage	Sep-10	% of Actual to Budget
	Original	Final			
Revenues:					
Taxes:					
Property Taxes	\$ 1,201,200	\$ 1,201,200	0.0%	\$ -	0.0%
Intergovernmental	27,000	27,000	0.0%	-	0.0%
Charges for services					
Other charges for services	33,000	33,000	18.0%	19,914	60.3%
Use of money and property					
Fines and forfeitures	56,500	56,500	5.0%	10,475	18.5%
Miscellaneous	2,000	2,000	12.0%	3,740	187.0%
Total Revenues	\$ 1,319,700	\$ 1,319,700	1.0%	\$ 34,129	2.6%
Expenditures:					
Current:					
Community and cultural					
Library	1,903,462	1,903,462	25.0%	378,879	19.9%
Total Expenditures	\$ 1,903,462	\$ 1,903,462	25.0%	\$ 378,879	19.9%
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>					
	(583,762)	(583,762)		(344,750)	
Other Financing Sources (Uses):					
Transfers in					
	446,740	446,740	25.0%	111,688	25.0%
Total Other Financing Sources (Uses)	\$ 446,740	\$ 446,740	25.0%	\$ 111,688	25.0%
<i>Net Balance</i>	<i>(137,022)</i>	<i>(137,022)</i>		<i>(233,062)</i>	

The revenues are tracking slightly ahead of expectations. The largest revenue source is property taxes, which are collected and remitted twice annually. The first distribution should be received in January 2011. Expenses are slightly lagging expectation as a result of controlling costs and monitoring expenditures.

▪ **Gas Tax**

**City of Moreno Valley
State Gasoline Tax Special Revenue Fund 1st Quarter Financial Review
Fund 121
Month Ended September 30, 2010**

	Budgeted Amounts		Expected Percentage	Sep-10	% of Actual to Budget
	Original	Final			
Revenues:					
Taxes:					
Intergovernmental (gas tax)	2,702,500	2,702,500	10.0%	275,163	10.2%
Use of money and property					
Interest income	5,000	5,000	25.0%	(314)	-6.3%
Miscellaneous	2,000	2,000	12.0%	5,241	262.1%
Total Revenues	\$ 2,709,500	\$ 2,709,500	10.0%	\$ 280,090	10.3%
Expenditures:					
Current:					
Public works:					
Infrastructure project engineering	384,086	384,086	25.0%	174,022	45.3%
Street maintenance	1,740,356	1,740,356	25.0%	355,586	20.4%
Concrete maintenance	-	-	0.0%	2,126	n/a
Sign/stripping	-	-	0.0%	6,547	n/a
Graffiti removal	329,014	329,014	25.0%	68,474	20.8%
Tree trimming	383,230	383,230	25.0%	79,895	20.8%
Total Expenditures	\$ 2,836,686	\$ 2,836,686	25.0%	\$ 686,650	24.2%
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(127,186)	(127,186)		(406,560)	
Other Financing Sources (Uses):					
Total Other Financing Sources (Uses)	\$ -	\$ -	0.0%	\$ -	0.0%
<i>Net Balance</i>	<i>(127,186)</i>	<i>(127,186)</i>		<i>(406,560)</i>	

The revenues are tracking slightly ahead of expectations. The largest revenue source is gas taxes, which are collected and remitted by the State of California. The State distributions are delayed as reflected by only 10% of the revenues being received in the first quarter of the fiscal year. Expenses are slightly lagging expectation as a result of controlling costs and monitoring expenditures

▪ **Electric Utility**

City of Moreno Valley
Electric Utility Operating Expenditures 1st Quarter Financial Review
Funds 601, 602 & 603
Month Ended September 30, 2010

	Budgeted Amounts		Expected Percentage	Sep-10	% of Actual to Budget
	Original	Final			
Revenues:					
Operating Revenues:					
Charges for services					
Generation	9,360,000	9,360,000	38.0%	3,670,388	39.2%
Distribution	3,640,000	3,640,000	31.0%	1,528,562	42.0%
Special Charges	144,000	144,000	28.0%	37,657	26.2%
Public Purpose	500,000	500,000	28.0%	321,228	64.2%
Other charges for services (electricity fee refunds)	(146,000)	(146,000)	25.0%	(25,712)	17.6%
Use of money and property					
Rental income	56,000	56,000	25.0%	13,794	24.6%
Miscellaneous	289,000	289,000	12.0%	35,614	12.3%
Total Operating Revenues	\$ 13,843,000	\$ 13,843,000	35.2%	\$ 5,581,531	40.3%
Expenditures:					
Operating Expenditures:					
Electricity purchased	6,900,000	6,900,000	25.0%	1,651,916	23.9%
Services and supplies	2,842,695	2,842,695	25.0%	482,239	17.0%
Distribution share	1,425,000	1,425,000	25.0%	281,760	19.8%
Rate stabilization reserve	327,000	327,000	25.0%	130,229	39.8%
Public purpose program:					
Electricity purchased	400,000	400,000	25.0%	-	0.0%
Services and supplies	100,000	100,000	25.0%	6,213	6.2%
Total Operating Expenditures	\$ 11,994,695	\$ 11,994,695	25.0%	\$ 2,552,357	21.3%
Operating Income (Loss)	1,848,305	1,848,305		3,029,174	
Nonoperating Revenues (Expenses)					
Interest income	-	-	0.0%	6,473	n/a
Plan check fees	26,500	26,500	12.0%	74,880	282.6%
Debt Service:					
Principal retirement	(570,200)	(570,200)	0.0%	(10,776)	1.9%
Interest expense and fiscal charges	(1,656,200)	(1,656,200)	0.0%	(2,601)	0.2%
Capital outlay	(87,500)	(87,500)	0.0%	(6,967)	8.0%
Total Nonoperating Revenues (Expenses)	\$ (2,287,400)	\$ (2,287,400)	2.4%	\$ 61,009	-2.7%
Income (Loss) Before Transfers	(439,095)	(439,095)		3,090,183	
Other Financing Sources (Uses):					
Total Other Financing Sources (Uses)	\$ -	\$ -	0.0%	\$ -	0.0%
Net Balance	(439,095)	(439,095)		3,090,183	

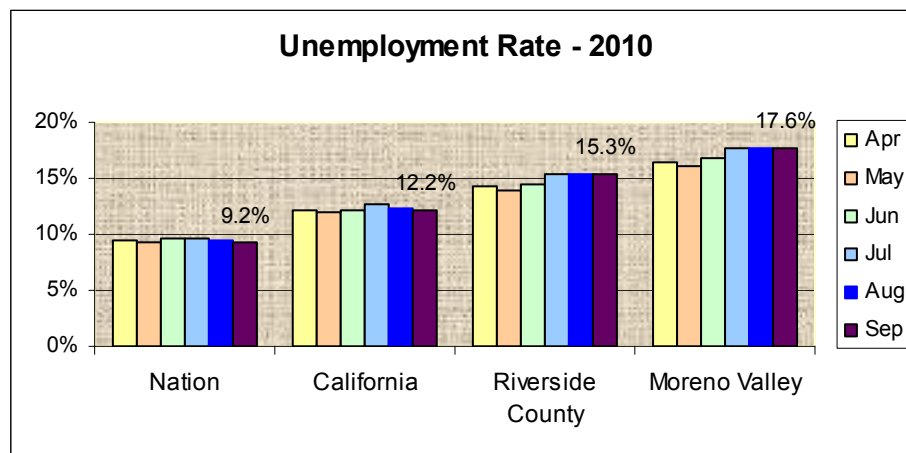
As reflected in the previous operational financial summaries (not including capital projects and/or debt service), revenue and expenditure results for Parks, Library, Gas Tax and the Electric Utility through the first quarter of FY 2010-11 are positive and indicate a stable outlook for the remainder of the fiscal year. Therefore, no actions are recommended with respect to workforce reduction or other expenditure reductions, beyond the prudent cost-control measures already being implemented by the respective departments.

Looking Ahead to FY 2011-12 and Beyond

Economic Indicators for FY 2010-11

According to the data and economists, the recession ended with the third quarter of 2009, when the national GDP grew by 3.5%. This was the first positive growth in GDP since the recession started in 2007. However, recent GDP data indicates a slow, gradual recovery is occurring, with 2nd and 3rd quarter 2010 GDP numbers reflecting 2.4% and 2.0% respectively.

The state, regional and local economies continue to be harder hit than the national economy due to more dramatic reductions in property values, employment and consumer spending. Although unemployment dropped slightly in recent months, it remains near a record high in Moreno Valley at 16.9% in October 2010. Overall, Riverside County had a 14.7% unemployment rate in October 2010. The following graph presents unemployment data for the past six months through September 2010.



The current consensus of economists is that the U.S. will experience a slow and gradual growth for the next several years, with some remote risk of a follow-on recession. Also, California and the Inland Empire region will grow slower than the national economy through this recovery. The benefit to the City of Moreno Valley from the recession ending has been the apparent stabilizing of its revenue sources.

Property tax is a major component of local revenues and assessed valuation has unexpectedly dropped much less in FY 2010-11 than planned. Analysis indicates a reduction in AV of 4.3% instead of a planned reduction of 14%. This is a positive sign that property reassessments in the region are nearly caught up and beginning to stabilize. Flat to modest increases in property tax revenues are anticipated for the next few years. Employment is also expected to recover slowly, as employers will be very cautious in hiring back workers, which will directly impact consumer spending and sales tax. The City has seen a recent increase in 2nd Quarter 2010 sales tax revenue as an impact of new businesses coming to the City, along with sales recovery in some business categories. Staff will cautiously monitor these revenues, which are expected to remain flat with some small growth through FY 2010-11; then begin to increase gradually.

Proposed Three Year Deficit Elimination Plan leading to Budget Development Guidelines for FY 2011-12 (status quo budgets)

Staff will be taking a dual process approach to preparing the FY 2011-12 Budget. Based on the expected General Fund deficit of \$12 - \$15 million at this time, staff is proposing to prepare a Three Year Deficit Elimination Plan, while preparing the base FY 2011-12 Budget at current program and service levels. The concept is to apply the structural expense reduction actions approved for the first year of the Plan to the Proposed Base Budget to yield the proposed FY 2011-12 Budget for Council consideration. In addition, approval of the Three Year Plan will provide the basis for future budget reductions, mitigating the need to revisit and recreate a new deficit reduction plan each year. The approved actions will be incorporated into the appropriate fiscal year budget, which should create the necessary expense reductions each year to yield a balanced budget by the FY 2013-14.

Staff is proposing for Council approval the following guidelines for development of the FY 2011-12 Base Service Level Budget. Council's approval of these guidelines is requested since the FY 2011-12 budget preparation process will begin in December 2011.

- Departments will submit budgets that reflect no change in staffing or service levels from FY 2010-11. The impact of the current hiring freeze will be evaluated for continued strategic freezing, funding or defunding of these positions. Any position becoming vacant will be subject to the hiring freeze and will be evaluated for potential long term savings.
- Personnel budgets will be based on current compensation levels, as follows:
 - Continuation of the 36-hour work week and corresponding 10% salary reduction;
 - Continued suspension of merit increases; and
 - No cost-of-living adjustment (COLA).
- Any reinstatement of the above compensation items will be by policy direction of the City Council.
- A general inflation factor will not be applied to contractual services or maintenance/operations line items; if multi-year contracts are in place that provide for inflationary adjustments, departments will make every effort to renegotiate these contracts to maintain expenditures at their current levels.
- Following review by the Budget Review Committee, the City Manager will submit a Preliminary Base Budget reflecting the above guidelines. Based on current budget analysis, it is anticipated that the General Fund Base Service Level Budget will reflect a deficit of approximately \$12 - \$15 million.
- To address this entire expected deficit, a Three Year Deficit Elimination Plan will be submitted in conjunction with the Preliminary Base Service Level Budget, to identify potential expenditure reduction items and other solutions that will enable the budget to be brought into balance over a three year period, by FY 2013-14.
- The Deficit Elimination Plan will be comprised of various Deficit Reduction Options (DROs) submitted by each department, each of which will have the following elements:

- Description of proposed revenue enhancement or expenditure reduction;
 - Expected cost savings or revenue increase if implemented;
 - Internal service impact: None-Minimal / Moderate / High;
 - External service impact: None-Minimal / Moderate / High;
 - Staffing impact, if any;
 - Identify the one-time expense savings and ongoing expense reductions;
 - Identify the appropriate timing for implementation, which Fiscal Year the reduction will occur.
- Due to the significant level of budget reductions implemented over the past three years (including a city-wide staffing reduction of more than 25%), it is expected that virtually all DROs will have a “High” service level impact; either internally, externally, or both.
 - In developing DROs, departments will focus on “program” and “service” level reductions rather than “line-item” level expenditure reductions.
 - Any proposed additions to the Preliminary Base Budget will be submitted for Council’s consideration as Budget Issues that increase the existing deficit and will be addressed within the context of the Deficit Elimination Plan.
 - Following Council’s review and approval of the Three Year Deficit Elimination Plan, the actions identified and approved for action in the first year of the plan (FY 2011-12) will be presented as an element of the FY 2011-12 Proposed Budget to the City Council.

Proposed Budget Review Schedule for FY 2010-11

Staff is proposing to take a dual process approach to developing the FY 2011-12 Budget. First, staff will be developing a “rollover” base budget which will be based on current service and expenditure levels, to maintain a static base budget. This base budget will be developed in the City’s One-World budget system. Parallel to this process, the Management Team is developing a Three Year Deficit Elimination Plan that will focus on reducing the expense budget to balance to expected revenue levels in FY 2013-14.

The goal is to present deficit elimination options to City Council in late February and March. Approval of the plan will direct staff to implement the actions in the plan on the dates indicated. The first year actions planned for FY 2011-12 will modify the base budget prepared in One World. This combined budget will be the budget proposed for City Council review in May and June of 2011. Below is a schedule for review of the combined budget. Staff will work with Council to finalize the schedule and process for review and approval of the Three Year Deficit Elimination Plan.

- | | |
|--|------------------------------|
| ▪ Distribution of Preliminary Base Budget and Deficit Elimination Plan | April 12, 2011 |
| ▪ Council Member Budget Briefings | April 18-21, 2011 |
| ▪ Initial Budget Presentation | April 26, 2011 |
| ▪ Budget Discussion | May 10, 2011 (Study Session) |
| ▪ Continued Budget Discussion | May 17, 2011 |
| ▪ Continued Budget Discussion | May 24, 2011 |
| ▪ Budget Adoption | June 14, 2011 |
| ▪ Back-up Budget Adoption (if needed) | June 28, 2011 |

The above schedule should allow ample time for Council review, deliberation, public input and consideration of additional revenue enhancement or cost-reductions options not initially included in the Deficit Elimination Plan, should there be any.

In order to proceed with the departmental budget kick-off in late December, Council's approval of the proposed budget development guidelines and review schedule for FY 2010-11 is requested. The Executive Management Team has already begun to develop the proposed framework for the Deficit Elimination Plan.

SUMMARY

The budget for FY 2010-11 remains balanced using significant one-time sources of funding. Staff has identified four key revenue adjustments that have a net zero effect to the total General Fund revenue stream and will be adjusted at mid-year. A key component in balancing the FY 2010-11 General Fund budget was a projected \$1 million savings from FY 2009-10 to be carried forward to FY 2010-11. Although audited year-end results will not be available until the end of December, unaudited results indicate that the full \$2 million savings was realized. Of the additional \$1million in savings, about \$700,000 has been applied to additional expenditures approved by the City Council in FY 2010-11.

General Fund revenues received through September 30th are meeting expectations based on historical experience. Generally, expenditures are slightly below the expected expenditure pace for FY 2010-11. Therefore, although early in the fiscal year, results through the first quarter of FY 2010-11 are positive and indicate a stable outlook for the remainder of the fiscal year. As a result, no actions are recommended with respect to workforce reduction or other expenditure reductions, beyond the prudent cost-control measures already being implemented by all departments.

Despite the positive results thus far in FY 2010-11, significant challenges are expected in adopting a balanced General Fund budget for FY 2011-12; with a deficit of \$12 to \$15 million projected. To address this expected deficit, staff has proposed a set of budget development guidelines for Council's approval. The guidelines include submittal of a Preliminary Base Budget assuming no change in staffing or service levels. In addition, staff is beginning to prepare a Three Year Deficit Elimination Plan to eliminate the remaining deficit and balance ongoing revenues and expenditures by FY 2013-14. Once again, an accelerated budget review schedule has also been prepared to provide additional time for Council review and deliberation on the Preliminary Base Budget and companion Three Year Deficit Elimination Plan. It is requested that Council approve the proposed budget development guidelines and review schedule for FY 2011-12, so that the departmental budget kick-off can proceed as scheduled in December 2010.

Prepared By:
 Richard Teichert
 Financial & Administrative Services Director

Department Head Approval:
 Rick Teichert
 Financial & Administrative Services Director

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

MEMORANDUM

To: Mayor and City Council
From: Richard Teichert, Financial & Administrative Services Director
Date: December 13, 2010
Subject: Power Point Presentation for the December 14, 2010 City Council Meeting,
Agenda Item No. G3: FIRST QUARTER BUDGET REVIEW – Fiscal Year
2010-11 (Report of: Financial & Administrative Services Department)

Attached is a copy of the Power Point Presentation for the First Quarter Budget Review-
Fiscal Year 2010-11, which was not available at the time the agenda was printed.

Thank you.

Approved by:


Richard Teichert, Financial & Administrative Services Director

kg

Attachment

This page intentionally left blank.

City of Moreno Valley



First Quarter Budget Review

December 14, 2010



Presentation Overview

- Prior year savings needed to balance FY 2010-11 General Fund budget.
- 1Q Results:
 - General Fund (main emphasis)
 - Other key funds
- Look ahead to FY 2011-12 and Beyond:
 - Anticipated General Fund deficit
 - Proposed budget development guidelines & review schedule
 - Development of the “Three Year Deficit Elimination Plan”



Prior Year Savings Needed to Balance FY 2010-11 Budget

- \$1.05 million prior year savings included as “other funding source” for FY 2010-11 General Fund budget.
- Actual results from FY 2009-10 (unaudited): \$2.1 million savings was achieved.
- Audited results will be included in Mid-Year Budget Review & Comprehensive Annual Financial Report (CAFR).



1Q Results – General Fund

- YTD historical revenue receipts at 1Q: 8.8%.
- Actual 1Q revenues: 9.0%; on track with projections.
- YTD expenditures: 23.6%, with 25% of fiscal year elapsed; a small but important favorable variance.
- Results are generally positive and indicate a stable outlook for remainder of fiscal year.
- No actions recommended with respect to workforce or other expenditure reductions, other than ongoing cost control at this time.



Other Key Funds

- CSD Zone A – Parks
- CSD Zone L – Library
- Gas Tax
- Electric Utility
- All 1Q results are positive and indicate stable outlook for remainder of fiscal year.
- No actions recommended with respect to workforce or other expenditure reductions, other than ongoing cost control.

Looking Ahead to FY 2011-12 and Beyond



- General Fund deficits of more than \$15 million projected for each of next 3 years, excluding any additional State actions that may impact local government.
- General Fund deficit of \$15.4 million projected for FY 2011-12.
- Revenues have stabilized; rapid reduction has ceased coinciding with the “end” of the recession in Q3 of 2009.
- Stable revenues gives us a “target” to balance expenses to over the next three years.

Looking Ahead to FY 2011-12 and Beyond (cont.)

(Amounts shown in \$ million)

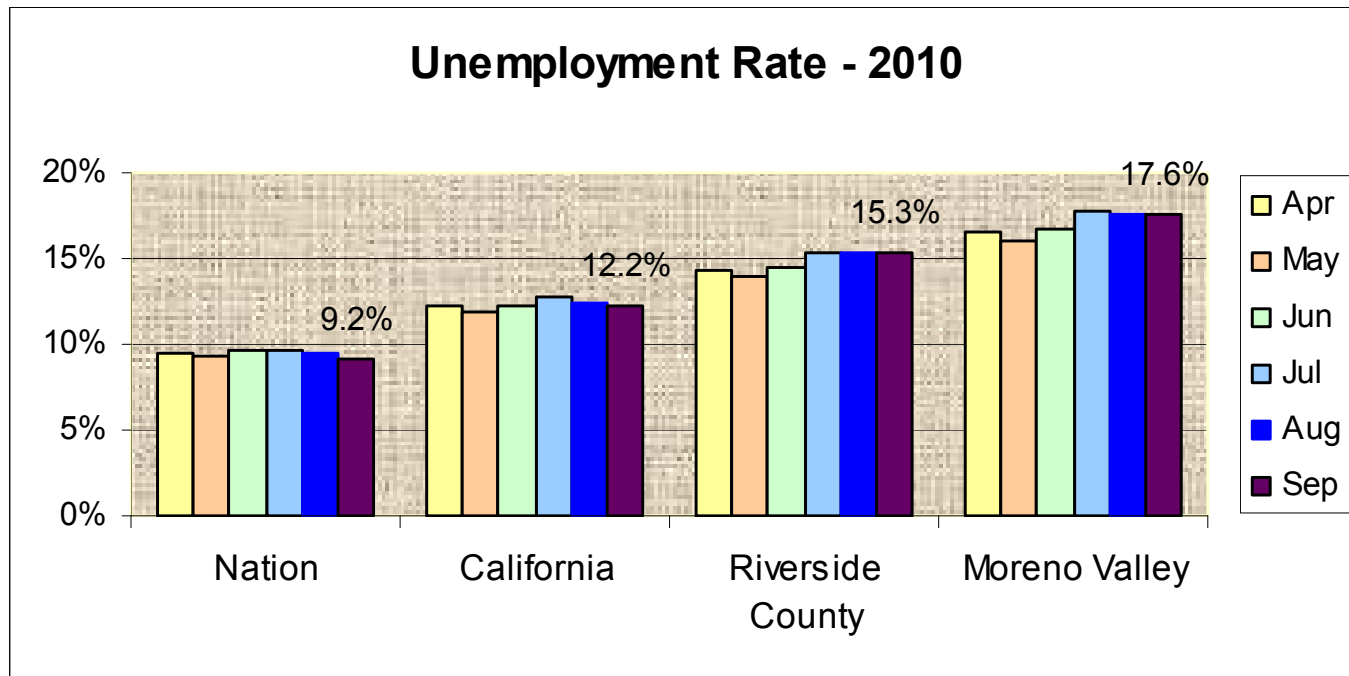
Budget Component	2009-10	2010-11	2011-12	Comments
Operating Revenues	\$ 71.3	\$ 68.3	\$ 68.5	Expected to be flat due to slow economic recovery.
Develop Svc Reserve	2.3	-	-	Reserve depleted in FY 2009-10.
Gen Conting. Reserve	5.0	11.6	-	Reduced from 15% to 12% in FY 2009-10.
Prior Year Savings	3.6	1.0	-	None anticipated in FY 2010-11.
Total Fund Sources	\$ 82.2	\$ 80.9	\$ 68.5	
Expenditures	\$ 80.1	\$ 80.9	\$ 83.9	Includes return of one-time DROs (\$3m); all other expenditures flat. Note - Does not include \$700k for 3 add'l Police officers; \$100k for MOU addition; and does not include the 5% additional cost for police contract (about \$1.5 million annual increase).
Net Change-Fund Bal	\$ 2.1	\$ -	\$ (15.4)	

Economic Factors Impacting FY 2011-12 Projection



- The recession ended with positive GDP growth in Q3 of 2009.
- City revenues have stopped rapid decline.
- State, region and local impacts of recession more severe than national and will take longer to recover.
- Economists anticipate a very slow recovery; General Fund operating revenues will be relatively flat for the next three years; while experiencing gradual recovery.

Unemployment Rate – 2010



Proposed Budget Development Guidelines for FY 2011-12



- Preliminary Base Budget to be developed assuming no change in staffing or service levels.
- Personnel budgets will be based on current compensation levels:
 - Continuation of 36-hour work week (10% pay reduction);
 - Continued suspension of merit increases;
 - No COLA.
- Any reinstatement of above items will be by policy direction of the City Council.



Proposed Budget Development Guidelines for FY 2011-12 (cont.)

- No general inflation factor applied to contractual services or maintenance & operations line items (if contract provides for such, will try and renegotiate).
- Three Year Deficit Elimination Plan will be discussed prior to the Preliminary Base Budget, with approved actions being incorporated into the proposed budget.
- The Three Year Plan will include sufficient actions over three budget cycles to balance the City's budget by FY 2013-14
- May also have potential budget additions to consider; will be included in the scope of the Three Year Deficit Reduction Plan.

Three Year Deficit Elimination Plan



- Comprised of Deficit Reduction Options (DROs):
 - Independent Decision Units
 - Description of revenue enhancement or expenditure reduction
 - Expected net revenue increase or net cost reduction if implemented
 - Internal Service Impact (Minimal/Moderate/High)
 - External Service Impact (Minimal/Moderate/High)
 - Staffing Impact
 - Recommended timing of implementation during the three year period



Deficit Elimination Plan (cont.)

- Expect most DROs to have “High” service level impact.
- Will focus on “program” level rather than “line-item” level cost reductions.
- Example of revenue enhancement option will be the selling of naming rights for City buildings or assets to companies interested in name exposure.
- Staff will recommend a mix of DRO’s that are recommended to balance the budget over three years as a starting point for City Council review
- Council will decide which DRO’s to implement and in which budget year to balance budget by FY 2013-14 (policy decisions).
- The plan will be reviewed with Council quarterly, with approved DRO actions implemented on schedule per the plan

Proposed Budget Review Schedule for FY 2011-12

Activity	Date(s) - 2011
Distribution of Preliminary Base Budget & Deficit Reduction Plan	April 12
Council Member Budget Briefings	April 18-21
Initial Budget Presentation	April 26
Budget Discussion	May 10 (Study Session)
Continued Budget Discussion	May 17
Continued Budget Discussion	May 24
Budget Adoption	June 14
Back-up Budget Adoption (if needed)	June 28



Requested Council Action

- 1) Receive and file FY 2010-11 First Quarter Budget Review staff report.
- 2) Approve the proposed FY 2011-12 budget development guidelines and review schedule.

This page intentionally left blank.



APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>RH</i>
CITY MANAGER	<i>WV</i>

Report to City Council

TO: Mayor and City Council

FROM: Chris A. Vogt, P.E., Public Works Director/City Engineer

AGENDA DATE: December 14, 2010

TITLE: REQUEST OF DEVELOPER TO REDUCE CERTAIN SECURITIES FOR CERTAIN PUBLIC IMPROVEMENTS FOR THE HIGHLAND FAIRVIEW CORPORATE PARK PROJECT THAT EXCEEDS THE AUTHORITY OF THE PUBLIC WORKS DIRECTOR AND LDD POLICY 2010-01

RECOMMENDED ACTION

1. Review, consider and take action on developer's request to reduce performance securities for certain public improvements.
2. Give staff further direction.

ADVISORY BOARD/COMMISSION RECOMMENDATION

Not applicable.

BACKGROUND

As stated in the Subdivision Map Act (SMA), Section 66499.7, the legislative body (the City) may provide for the partial release of the public improvement security upon the partial performance of the act or the acceptance of the work as it progresses. Partial reductions will only be considered in accordance with the provisions of the Public Improvement Agreement, City standards and any City policies.

On April 16, 2008, the Land Development Division approved and adopted Policy No. LDD 2008-09, Public Improvements and Security Reduction and Foreclosure Policy. This document was created to provide a streamlined process for the approval of partial reductions to the Faithful Performance security, Material and Labor security, final

exoneration of the Faithful Performance Warranty security, and procedures for the foreclosure of security that adhere to the guidelines set forth in the Subdivision Map Act.

On October 26, 2010, City Council adopted Resolution No. 2010-88 authorizing the Public Works Director/City Engineer to approve partial security reductions of the public improvement securities and accept the partial public improvements as complete, but not into the City maintained system. Land Development Division Policy No. LDD 2010-01, Partial Reduction of Public Improvement Security Policy was approved by Council as part of the authorization granted to the Public Works Director/City Engineer. The resolution and policy are included as Exhibit "A". The fifth paragraph of the resolution states that "...the Public Works Director/City Engineer to reduce faithful performance securities associated with public improvements as set forth under Section 66499 of the Government Code and in accordance with Land Development Division Policy No. LDD-2010-01." Thereby the Partial Security Reduction Policy must be followed. The purpose of the policy was to provide a streamlined process for the approval of partial reductions for the Faithful Performance security for Public Improvements that adheres to the guidelines set forth in the Subdivision Map Act and protects the public throughout the discretionary process.

DISCUSSION

Land Development Division Policy No. LDD 2008-09, approved in 2008, included specific language that the City would retain 45% of the cost estimate for soft cost contingency, 20% for hard cost contingency, 10% for warranty purposes, and \$200,000 for potential legal costs, which falls within the guidelines set forth in Subdivision Map Act, Chapter 5, Section 66499.7.d. The retention of 45% of the cost estimate for soft costs is a mechanism to fund the City's effort to repackage the project drawings, advertise and bid the project, provide for project management, hire a soils engineer, surveyor, and other personnel necessary to complete the public improvements in the event the City forecloses upon the security. It has been a standard practice since the adoption of the policy in 2008 that every project requesting a partial reduction to the public improvement security must adhere to the guidelines of the policy, including the retention of funds for hard and soft cost contingencies and potential legal fees.

Land Development staff reviewed the partial security reduction policy and updated the document to improve upon past practices and to provide for more detailed descriptions of the reduction process. The result was the creation of the current version of the policy, LDD 2010-01. As with the earlier policy, the 2010 document includes the retention of funds for hard and soft cost contingencies, warranty purposes as well as for potential legal fees.

The City received a letter from Highland Fairview dated November 23, 2010 (Exhibit "B") in which the developer requested that the City remove the retention of the \$200,000 for potential legal fees, the 45% for soft cost contingencies and the 10% for the construction guarantee (warranty) as part of the partial security reduction.

After discussions with Highland Fairview staff, the City received another letter from the developer dated December 2, 2010 (Exhibit “C”). In the correspondence, Highland Fairview requested that the City follow the Public Improvement Agreement in processing their request for partial security. The Public Improvement Agreements for this project indicate that “As this project is very unique in both the size and the timing of construction activities, as well as being considered eligible for Time and Material (T&M) fee collection, it has been determined by the City Engineer that the project may receive incremental reductions to the security ensuring the construction of the associated public improvements at twenty percent (20%) completion, forty percent (40%) completion, sixty percent (60%) completion and eighty percent (80%) completion of the public improvements as measured by the dollar value of said improvements.”

The percentages are milestones by which the developer is eligible for a partial reduction and not an indication of the amount of the reduction. The Public Improvement Agreement does not address a policy/procedure for the partial reductions; therefore, staff is adhering to past practices and policies, including Resolution No. 2010-88 and Policy LDD 2010-01 as approved by the City Council.

ALTERNATIVES

1. Provide direction to City staff for the processing of partial security reductions of the public improvement securities for the Highland Fairview Logistics Project.
2. Do not provide direction to City staff for the processing of partial security reductions of the public improvement securities for the Highland Fairview Logistics Project. *Without alternate direction from Council, staff will continue to process partial security reductions in accordance with all facets of the current Security Reduction Policy, LDD 2010-01 and Resolution No. 2010-88.*

FISCAL IMPACT

Not applicable.

NOTIFICATION

Publication of agenda.

ATTACHMENTS/EXHIBITS

Exhibit “A” – Resolution 2010-88 and Policy # LDD 2010-01

Exhibit “B” – Highland Fairview Letter Dated November 23, 2010

Exhibit "C" – Highland Fairview Letter Dated December 2, 2010

Prepared by
 Mark W. Sambito, P.E.
 Engineering Division Manager

Department Head Approval
 Chris A. Vogt, P.E.
 Public Works Director/City Engineer

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

W:\LandDev\MANAGEMENT ASSISTANT\Staff Reports\2010\12-14-10 Partial Reduction Policy.doc

RESOLUTION NO. 2010 – 88

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, AUTHORIZING THE PUBLIC WORKS DIRECTOR/CITY ENGINEER TO REDUCE FAITHFUL PERFORMANCE SECURITIES ASSOCIATED WITH PUBLIC IMPROVEMENTS

WHEREAS, Section 66499 of the Government Code provides that a local agency may require a security in connection with the performance of any act or agreement; and

WHEREAS, Section 66499 of the Government Code also provides that a local agency may provide for the partial release of the security upon the partial performance of the act or the acceptance of the work as it progresses; and

WHEREAS, Section 66499 of the Government Code further provides that a local agency may authorize any of its public officers or employees to authorize the reduction of the security in accordance with any conditions set forth under Section 66499 of the Government code and in accordance with any rules that the local agency may prescribe; and

WHEREAS, the City desires and believes that it is in the best interests of convenience and efficiency for the City to designate the Public Works Director/City Engineer of the City of Moreno Valley as the officer authorized to reduce faithful performance securities associated with public improvements on behalf of the City; and

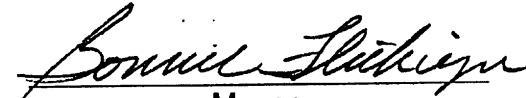
NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Moreno Valley, California authorizes the Public Works Director/City Engineer to reduce faithful performance securities associated with public improvements as set forth under Section 66499 of the Government Code and in accordance with Land Development Division Policy No. LDD-2010-01.

BE IT FURTHER RESOLVED that the Public Works Director/City Engineer will notify the City Council by e-mail in advance of processing any request for partial release of security and additionally place a report on the agenda at a regular City Council meeting each month identifying partial releases of security by Tract/Parcel number or project number, the amount of the original security, the amount of any partial reduction of security and the remaining amount of security.

EXHIBIT A

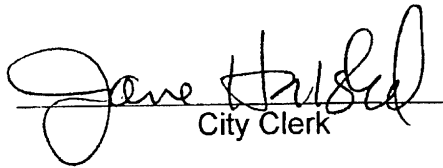
Resolution No. 2010 - 88
Date Adopted: October 26, 2010

APPROVED AND ADOPTED this 26th day of October, 2010.



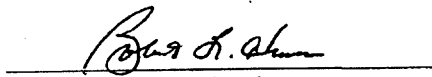
Mayor

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney

Resolution No. 2010 - 88
Date Adopted: October 26, 2010

RESOLUTION JURAT

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF MORENO VALLEY)

I, Jane Halstead, City Clerk of the City of Moreno Valley, California, do hereby certify that Resolution No. 2010-88 was duly and regularly adopted by the City Council of the City of Moreno Valley at a regular meeting thereof held on the 26th day of October, 2010 by the following vote:

- AYES: Council Members Batey, Molina, Stewart and Mayor Pro Tem Hastings
- NOES: None
- ABSENT: None
- ABSTAIN: Mayor Flickinger



CITY CLERK

(SEAL)

Resolution No. 2010-88
Date Adopted: October 26, 2010



Public Works Department
Land Development Division
14177 Frederick Street
P.O. Box 88005
Moreno Valley, CA 92552

**PARTIAL REDUCTION
OF PUBLIC
IMPROVEMENT
SECURITY POLICY**

#LDD 2010-01

951.413.3120 (Phone)
951.413.3158 (Fax)

PURPOSE

To provide a streamlined process for the approval of partial reductions for the Faithful Performance security for Public Improvements that adheres to the guidelines set forth in the Subdivision Map Act.

POLICY

The City's policy is based on the goal of providing the best customer service to developers, while maintaining the City's best interest. The City's policy is to provide the opportunity for partial release of the Faithful Performance security for public improvements upon partial performance of the work as it progresses. All time constraints listed in this policy refer to calendar days.

This policy does not reflect the City's policy/practice of releasing grading securities, erosion control securities, or any other type of security submitted to the City. This policy is specific to securities guaranteeing construction of the required public improvements that are executed through an Agreement for Public Improvements.

PARTIAL REDUCTION

- As stated in the Subdivision Map Act, Chapter 5, Section 66499.7, the legislative body (the City) may provide for the partial release of the security upon the partial performance of the act or the acceptance of the work as it progresses.
- The following guidelines pertain to a partial reduction that is approved prior to 100% completion of the public improvements.
 - The Developer must request the Security reduction in writing.
 - Submit a revised Engineer's Cost Estimate for the remaining improvements, signed and stamped by the developer's Engineer to Land Development for review and approval.
 - Schedule for remaining improvements must be submitted to City staff.
 - Reduction amount is in accordance with the Public Improvement Agreement.
 - The partial reduction may be a percentage of the original security amount or a specified lump sum dollar amount approved by the Public Works Director/City Engineer or designee.
 - The reduction will only reduce the Faithful Performance security.
 - Verification by City Inspector of completeness of the public improvements.
 - Clearances received from appropriate City departments.
 - Each partial security reduction will require the payment of the Partial Security Reduction Fee per the current Fee Schedule. (Currently listed as the Partial Bond Reduction Fee.)
 - The City's policy is to retain 45% of the cost estimate for soft cost contingency, 20%



Public Works Department
Land Development Division
14177 Frederick Street
P.O. Box 88005
Moreno Valley, CA 92552

**PARTIAL REDUCTION
OF PUBLIC
IMPROVEMENT
SECURITY POLICY**

#LDD 2010-01

951.413.3120 (Phone)
951.413.3158 (Fax)

for hard cost contingency, 10% of the original security amount for warranty purposes, and \$200,000 for potential legal costs, which falls within the guidelines, set forth in Subdivision Map Act, Chapter 5, Section 66499.7.d.

- The developer has the option to enter into a new Agreement for Public Improvements, and submit substitution security for the remaining amount approved by the City or receive a partial reduction to the original amount.
- A reduction in the faithful performance security will not be deemed to be an acceptance by the City of the completed improvements, and the risk of loss or damage to the improvements and the obligation to maintain the improvements shall remain the sole responsibility of the developer until all required public improvements have been accepted by the local agency and all other required improvements have been fully completed in accordance with the plans and specifications for the improvements. (Subdivision Map Act, Chapter 5, Section 66499.7.d)

LABOR AND MATERIAL SECURITY RELEASE

- The Labor and Material security is not eligible for partial reduction until the public improvements are 100% completed and accepted by the City.

PROCEDURES

The following procedures are required for a partial security reduction:

- Developer submits a letter requesting for a security reduction, which should include, the project number, and contact information. For partial reductions prior to 100% completion of the project, the letter must also include the following (See sample letter attached to policy):
- Acknowledgment that the developer will be responsible for ownership and maintenance of all the items completed, but not accepted into the City's maintained street system.
 - Attach a list of the work that has been completed.
 - Attach a list of the work that needs to be completed, include cost estimate for remaining items.
 - Include a specific completion date and a work schedule for remaining items.
- City Staff reviews the project file and notifies developer of any requirements needing to be met (if applicable), which are listed below.
- Clearance from the Finance Department ensuring business license is current.
 - Clearance from Special Districts Division ensuring the landscape and electrical work is approved.
 - Clearance from Land Development Division ensuring the punch list work is approved, including the storm water quality work.
 - Clearance from Land Development Division ensuring all plan check and inspection



Public Works Department
Land Development Division
14177 Frederick Street
P.O. Box 88005
Moreno Valley, CA 92552

**PARTIAL REDUCTION
OF PUBLIC
IMPROVEMENT
SECURITY POLICY**

#LDD 2010-01

951.413.3120 (Phone)
951.413.3158 (Fax)

fees have been paid

- Clearance from the Planning Division.
- Clearance from the Parks and Community Services Department.
- Clearance from the Transportation Division.
- Copy of receipt indicating Area Drainage Fees were paid.
- Payment of the Partial Security Reduction Fee.
- Clearance from Riverside County Flood Control and Water Conservation District.
- Clearance from Eastern Municipal Water District.
- Approval of center line street ties (paper version and mylar version) and letter indicating Engineer/Surveyor has been paid for their work.
- As-built plans have been approved by the City.

- Within 45 days of receipt of the developer's request for reduction, City Staff reviews the project file for the items listed above, reviews the request, and provides the Developer with a final determination of the amount of the remaining security required and/or provides the Developer with a list of required items that are missing. All requirements must be met in order to proceed with the security reduction process.
- When all the clearances outlined above are received and approved, City staff prepares the security reduction packet to be presented to the Public Works Director/City Engineer. City staff may request additional background information from the developer, if needed.
- City staff will notify the City Council by e-mail in advance of processing the partial release of security requested by the Developer.
- A report of partial releases will be placed on the agenda for a regular council meeting each month stating Tract/Parcel number or project number, the amount of the original security, the amount of any partial reduction of security and the remaining amount of security.
- The City will send a confirmation notification to the surety company (if applicable) indicating that the security reduction was approved. The developer will receive a copy of the confirmation notification.

NOTE: The City may choose to deny any partial reduction of security to a developer. The City will notify the developer in writing and will also send a copy to the surety company. This may be done at any time during the term of the agreement.



Public Works Department
Land Development Division
14177 Frederick Street
P.O. Box 88005
Moreno Valley, CA 92552

**PARTIAL REDUCTION
OF PUBLIC
IMPROVEMENT
SECURITY POLICY**

951.413.3120 (Phone)
951.413.3158 (Fax)

#LDD 2010-01

Effective Date: 10/20/10

Approved by:

Mark W. Sambito, P.E.
Engineering Division Manager

W:\LandDev\PROCEDURES & POLICIES\LDD POLICIES\2010\POLICY 2010-01 Partial Security Reduction of Public Improvement.doc

[Your Name]
[Street Address]
[City, ST ZIP Code]

[DATE]

City of Moreno Valley
Public Works Department
Land Development Division
Mark W. Sambito, Engineering Division Manager
P.O. 88005
Moreno Valley, CA 92552

Dear Mr. Sambito:

[COMPANY NAME] is requesting a partial security reduction for [PROJECT NUMBER], bond number [BOND NUMBER]. The project is [PERCENT]% complete. Attached you will find a list of the work completed, along with a list of the items remaining to be completed. A cost estimate for the remaining items has also been attached. The remaining items are scheduled to be completed by [DATE], as indicated in the completion schedule attached. Please, review the attached information and contact [NAME OF REPRESENTATIVE] with any questions regarding this project by calling [PHONE NUMBER & EMAIL].

Sincerely,

[NAME]
[TITLE]

Attachments: List of Items Completed
List of Items Remaining to be Completed, Cost Estimate Included.
Completion Schedule



HIGHLAND FAIRVIEW

14225 Corporate Way
Moreno Valley, CA 92553
Tel: 951.867.5300

November 23, 2010

Mr. Robert Hansen
Mr. Chris Vogt
Mr. Mark Sambito

RECEIVED
NOV 23 2010
PW/LAND DEVELOPMENT

City of Moreno Valley
14177 Frederick Street
Moreno Valley, California 92552

SUBJECT: Highland Fairview Corporate Park – Correction of Bond Amounts for Requested Security Reductions

Dear Mark

I must tell you that I am perplexed and alarmed at your response to our recent request for partial exonerations of several public improvement securities which are fully compliant and consistent with our executed PIA agreements. You have instead, chose to send us copies of your worksheets requiring the addition of new and significant line items totaling over \$1.16 million to the bonds which have already been issued. This is in direct violation of our executed Public Improvement Agreements (PIAs).

Our indicated reductions are entirely consistent with these agreements. We have simply requested the partial exoneration of \$1.44 million from the \$1.98 million original security to reflect the value of the work which has already been completed, inspected and approved by the City. To now require an additional \$1.16 million in security is beyond comprehension, and frankly, makes doing business in this City very difficult. It also places those of us who are trying to do business in this City at a great disadvantage over competing communities, seriously damaging the viability of economic development and the creation of jobs in our City. This policy curtails one of the City's most important hopes for a better future for our residents.

You will recall that these PIAs were approved by the City Engineer with specific language added to provide for partial reductions based on construction progress. There are absolutely no provisions in the PIAs for the addition of new line items. More specifically, your new demands for \$200,000 for "potential" legal costs, and a 45% additional allocation for soft cost "contingency" for each bond are entirely inconsistent with our PIAs. Our requests for bond reductions are entirely in accordance with the executed agreements; your proposal to radically change the bond amounts is not. As you know, the PIAs are contractual agreements between the City and Highland Fairview and neither party has the right to unilaterally change them.

EXHIBIT B

Of no lesser concern, is the City's constant delay in responding to our repeated requests for these partial exonerations. Unfortunately, the City continues to delay these exonerations, and it is our firm conviction that the City is in gross violation of our contract which is now resulting in substantial damages to Highland Fairview.

Irrespective of what might have been your practice outside of our agreement, there is no justification for the imposition of this level of hold backs for legal fees or soft costs in this project. Neither is the imposition of \$1.16 million of contingency on a \$1.98 million security, especially when most of the projects are 80% complete, inspected daily by the City and certified by a third party engineer.

Based on the City's new demands, the reduction will equate to a mere 14% reduction in bonds for projects which are substantially complete. It is important to understand that the original bond already includes a 20% contingency of the entire cost of the project and a warranty bond of 10% of the original cost is also required upon completion. This makes no sense.

I shudder to think what impact this practice will have if staff attempts to impose it on the other \$13.52 million worth of securities we currently have posted with the City.

Being conservative and careful is prudent, but over doing it is detrimental to the economic viability of a project which ironically, undermines the very project the City is trying to secure. The true risk and liability to the City and its residents from this practice is the impairment of economic development and the resulting economic deterioration of the City which we are all experiencing. Economic development and jobs are the primary source, if not the only hope, of generating much needed revenue for our City.

As we all know, our community is suffering. The City's practice of imposing more taxes and hardship on our residents to cover for bad policies which drive business and jobs away from our community is not a solution the residents will tolerate for too long.

We hereby request that the partial reduction amounts be re-calculated in accordance with the executed agreements, removing the added legal fee and 45% soft cost provisions. Additionally, the 10% warranty amount should be the residual amount remaining at 100% completion of the work. The calculation does not reflect this. Please have the corrected paperwork signed by the City Engineer authorizing the requested security reductions and promptly delivered to the appropriate bonding company.

Sincerely,



Iddo Benzeevi
President and CEO

xc
Bill Bopf
City Council Members



HIGHLAND FAIRVIEW

14225 Corporate Way
Moreno Valley, CA 92553
Tel: 951.867.5300

December 2, 2010

RECEIVED

DEC 08 2010

PWEA: [unclear]

Mr. William Bopf
Interim City Manager
City of Moreno Valley
14177 Frederick Street
Moreno Valley, California 92552

SUBJECT: Partial bond exonerations for the Highland Fairview Corporate Park

Dear Bill,

Further to our request regarding the status for reductions to several public improvement securities for the Highland Fairview Corporate Park project, I thought it might be helpful if I summarize where we stand today.

As of today, the constructions of the four public improvement projects under consideration are 84% complete. These projects have been inspected by your staff during construction for quality as well as to validate the percentage of completion. It has also been verified by a third party engineer.

We currently have \$15.5 million in outstanding bonds with the city. However, our request at this time is for the partial exonerations of bonds totaling \$1.98 million which are securing the stated four public improvement projects. Based on our 84% completion level we are asking for a partial exonerations of \$1.6 million of the bond amount. This request is in accordance with our executed Public Improvement Agreement with the City.

We have been requesting the city for these partial exonerations for quite some time but have not been able to get anywhere. As you know, our agreement calls for incremental exonerations of 20%. We are now 84% complete and have still not received any reductions.

Instead, your staff has indicated to us that they will only approve \$336,000 in reductions. It does not make any sense that we should have both agreed to 20% incremental exonerations if after completing 84% of the job we only receive the equivalent of a 17% reduction. This is in direct contradiction to the intent of our executed agreement.

EXHIBIT C

Mr. William Bopf
December 2, 2010
Partial Public Improvement Exonerations

As stated, the projects are now over 84% complete and moving towards completion every day while we are attempting to resolve this matter. By the time we resolve this issue we could be 100% complete making the whole purpose and intent of the partial exoneration as delineated in the Public Improvement Agreement moot. This issue puts unnecessary financial burden on projects and penalizes those of us who are courageous enough to invest in our community particularly in these difficult economic times. As you know, in today's fiscal environment financing is nearly impossible to procure, making this even more onerous.

We therefore ask that the exoneration we requested be awarded as indicated in our PIA and that this item be placed for consideration and approval on the December 14, 2010 City Council agenda. This approval should also apply to all the executed Public Improvement Agreements for Highland Fairview Corporate Park.

Sincerely,

A handwritten signature in black ink, appearing to read "Iddo Benzeevi", with a long horizontal flourish extending to the right.

Iddo Benzeevi
President & CEO
Highland Fairview Logistics

xc
City Council Members
Chris Vogt
Robert Hansen
Danette Fenstermacher
Mark Sambito

FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 849,000

Project No. PA07-0090

Bond No. 6711640

Premium \$15,282

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and HF Logistics-SKX T1, LLC, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to PA07-0090, which agreement is hereby referred to and made a part hereof; and,

EUCALYPTUS ELECTRICAL IMPROVEMENTS

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and SAFECO INSURANCE COMPANY OF AMERICA, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of ** **AND NO/100** Dollars (***\$ 849,000 .00***), lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents. **** EIGHT HUNDRED FORTY-NINE THOUSAND & NO/100 DOLLARS**

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.


FAITHFUL PERFORMANCE BOND (Page 2 of 2)
PROJECT NO. PA07-0090

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications. Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to Surety's obligations hereunder and are hereby waived by Surety.

When the work covered by the agreement is complete, the City Council of the City of Moreno Valley will accept the work and thereupon the amount of the obligation of this bond is reduced by 90%, with the remaining 10% held as security for the one-year maintenance period provided for in the agreement(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on AUGUST 2, 2010.

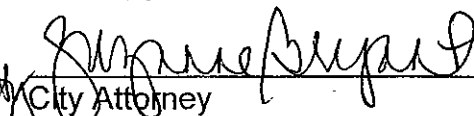
NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By  President + CEO
Name Title
Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: 
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY – ATTACH POWER OF ATTORNEY

Approved as to form:
Date: 8.23.10

City Attorney
City of Moreno Valley

W:\LandDev\Liz\PIA\HF Phase 1 Agree\Boiler - Faithful Performance Bond.DOC

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 8-02-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

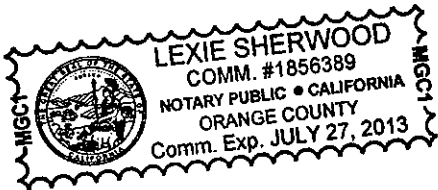
personally appeared David L. Culbertson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**.....

....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts; Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010



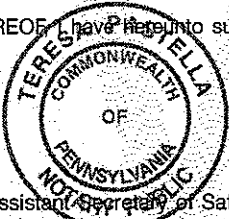
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010.



David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

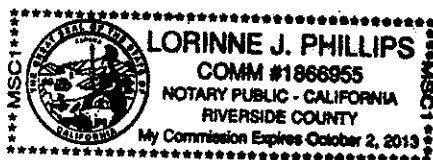
State of California

County of Riverside }

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here, Insert Name and Title of the Officer

personally appeared Adde Benzgeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): _____ Corporate Officer — Title(s): _____

Individual Partner — Limited General Individual Partner — Limited General

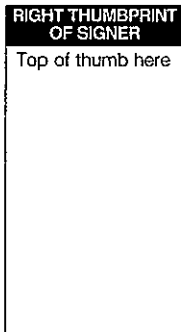
Attorney in Fact Attorney in Fact

Trustee Trustee

Guardian or Conservator Guardian or Conservator

Other: _____ Other: _____

Signer Is Representing: _____ Signer Is Representing: _____



MATERIAL AND LABOR BOND

**City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.2)**

Public Improvements \$ 424,500

Project No. PA07-0090

Bond No. 6711640

Premium INCLUDED IN PERFORMANCE BOND

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDAL, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, (hereinafter designated as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and,
EUCALYPTUS ELECTRICAL IMPROVEMENTS

WHEREAS, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Moreno Valley to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, we the Principal, and the undersigned as corporate Surety, are held and firmly bound unto the City of Moreno Valley and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Civil Code in the sum of ** Dollars (*****\$424,500.00*****), lawful money of the United States, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth, also in case suit is brought upon this bond, will pay, in addition to the face amount hereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

**** FOUR HUNDRED TWENTY-FOUR THOUSAND FIVE HUNDRED & NO/100 DOLLARS**

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

MATERIAL AND LABOR BOND (Page 2 of 2)
PROJECT NO. PA07-0090

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligation on this bond, and it does hereby waive notice of any such change, extension, alteration or addition. Surety further stipulates and agrees that the provision of Section 2845 of the Civil Code are not a condition precedent to the Surety's obligations hereunder and hereby waived by the Surety.

In witness whereof, this instrument has been duly executed by the Principal and Surety above named, on AUGUST 2, 20 10.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By:

[Signature] President & CEO
Name Title

Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: [Signature]
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

Approved as to form:

Date: 8-13-10

[Signature]
Deputy City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 8-02-10 before me, Lexie Sherwood, Notary Public,
Date Here Insert Name and Title of the Officer

personally appeared David L. Culbertson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

**SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**.....

....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations; in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010



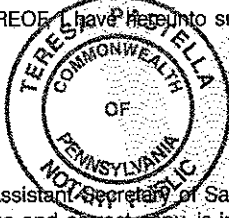
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Ado Benzgeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): _____ Corporate Officer — Title(s): _____

Individual Individual

Partner — Limited General Partner — Limited General

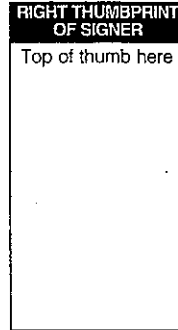
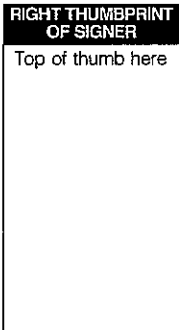
Attorney in Fact Attorney in Fact

Trustee Trustee

Guardian or Conservator Guardian or Conservator

Other: _____ Other: _____

Signer Is Representing: _____ Signer Is Representing: _____





- Company Profile
- Company Search
- Company Search Results
- Company Information
- Old Company Names
- Agent for Service
- Reference Information
- NAIC Group List
- Lines of Business
- Financial Statements PDF's
- Annual Statements
- Quarterly Statements
- CA Supplements
- Company Complaint
- Company Performance & Comparison Data
- Company Enforcement Action
- Composite Complaints Studies
- Additional Info
- Find A Company Representative In Your Area
- View Financial Disclaimer

COMPANY PROFILE

Company Information

SAFECO INSURANCE COMPANY OF AMERICA
175 BERKELEY STREET
BOSTON, MA 02116

Old Company Names	Effective Date
SELECTIVE AUTO & F INS CO AMER	11/02/1953

back to top

Agent For Service

KAREN HARRIS
 C/O CORPORATION SERVICE COMPANY
 2730 GATEWAY OAKS DRIVE, SUITE 100
 SACRAMENTO CA 95833

back to top

Reference Information

NAIC #:	24740
California Company ID #:	1442-3
Date Authorized in California:	10/07/1953
License Status:	UNLIMITED-NORMAL
Company Type:	Property & Casualty
State of Domicile:	WASHINGTON

back to top

NAIC Group List

NAIC Group #: 0111 LIBERTY MUT GRP

back to top

Lines Of Business

The company is authorized to transact business within these lines of insurance. For an explanation of any of these terms, please refer to the glossary.

- AIRCRAFT
- AUTOMOBILE
- BOILER AND MACHINERY
- BURGLARY
- COMMON CARRIER LIABILITY
- CREDIT
- FIRE
- LIABILITY

MARINE
MISCELLANEOUS
PLATE GLASS
SPRINKLER
SURETY
TEAM AND VEHICLE
WORKERS' COMPENSATION

[back to top](#)

© 2008 California Department of Insurance

FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 434,000

Project No. PA07-0090

Bond No. 6711636

Premium \$7,812

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and,
EUCALYPTUS RECYCLED WATER IMPROVEMENTS

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and SAFECO INSURANCE COMPANY OF AMERICA, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of ** AND NO/100 Dollars (**\$ 434,000 .00**), lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents. **** FOUR HUNDRED THIRTY-FOUR THOUSAND & NO/100 DOLLARS**

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

FAITHFUL PERFORMANCE BOND (Page 2 of 2)
PROJECT NO. PA07-0090

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to Surety's obligations hereunder and are hereby waived by Surety.

When the work covered by the agreement is complete, the City Council of the City of Moreno Valley will accept the work and thereupon the amount of the obligation of this bond is reduced by 90%, with the remaining 10% held as security for the one-year maintenance period provided for in the agreement(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on AUGUST 2, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By *Idell Bunz* President + CEO
Name Title
Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: *David Culbertson*
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY – ATTACH POWER OF ATTORNEY

Approved as to form:

Date: 8-13-10

Suzanne B. [Signature]
City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 8-02-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared David L. Culbertson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

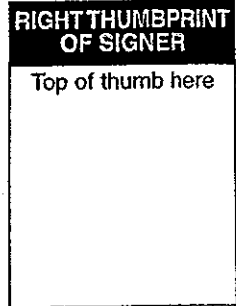
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**.....

, each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010.



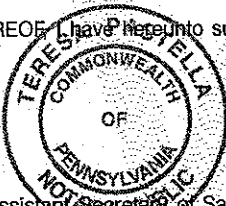
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2015
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here insert Name and Title of the Officer

personally appeared Ido Benzeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
 Top of thumb here

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
 Top of thumb here

Signer Is Representing: _____

Signer Is Representing: _____

MATERIAL AND LABOR BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.2)

Public Improvements \$ 217,000

Project No. PA07-0090

Bond No. 6711636

Premium INCLUDED IN PERFORMANCE BOND

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, (hereinafter designated as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and, **EUCALYPTUS RECYCLED WATER IMPROVEMENTS**

WHEREAS, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Moreno Valley to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, we the Principal, and the undersigned as corporate Surety, are held and firmly bound unto the City of Moreno Valley and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Civil Code in the sum of TWO HUNDRED SEVENTEEN THOUSAND Dollars (~~***\$ 217,000.00***~~), lawful money of the United States, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth, also in case suit is brought upon this bond, will pay, in addition to the face amount hereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

MATERIAL AND LABOR BOND (Page 2 of 2)
PROJECT NO. PA07-0090

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligation on this bond, and it does hereby waive notice of any such change, extension, alteration or addition. Surety further stipulates and agrees that the provision of Section 2845 of the Civil Code are not a condition precedent to the Surety's obligations hereunder and hereby waived by the Surety.

In witness whereof, this instrument has been duly executed by the Principal and Surety above named, on AUGUST 2, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By:

<u>John Burz</u>	<u>President + CEO</u>
Name	Title
_____	_____
Name	Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: David L. Culbertson
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

Approved as to form:

Date: 8-23-10

Suzanne Bryant
Deputy City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 8-02-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

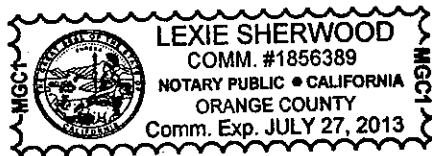
personally appeared David L. Culbertson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

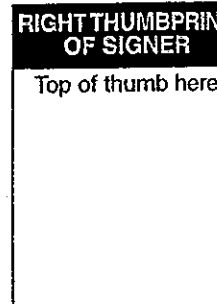
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**.....

....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010



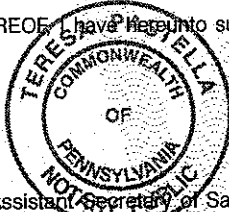
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

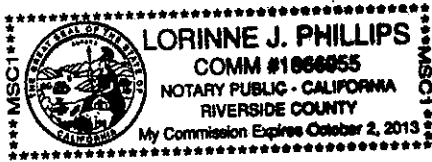
State of California

County of Riverside

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Iddo Benzgari
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): _____ Corporate Officer — Title(s): _____

Individual Individual

Partner — Limited General Partner — Limited General

Attorney in Fact Attorney in Fact

Trustee Trustee

Guardian or Conservator Guardian or Conservator

Other: _____ Other: _____

Signer Is Representing: _____

Signer Is Representing: _____



FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 467,000

Project No. PA07-0090

Bond No. 6711634

Premium \$8,406

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and, **EUCALYPTUS SEWER IMPROVEMENTS**

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and **SAFECO INSURANCE COMPANY OF AMERICA**, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of **** AND NO/100 Dollars (**\$ 467,000 .00**)**, lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents. **** FOUR HUNDRED SIXTY-SEVEN THOUSAND & NO/100 DOLLARS**

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

FAITHFUL PERFORMANCE BOND (Page 2 of 2)
PROJECT NO. PA07-0090


The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to Surety's obligations hereunder and are hereby waived by Surety.

When the work covered by the agreement is complete, the City Council of the City of Moreno Valley will accept the work and thereupon the amount of the obligation of this bond is reduced by 90%, with the remaining 10% held as security for the one-year maintenance period provided for in the agreement(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on AUGUST 2, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By  President + CEO
Name Title
Name Title


NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: 
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

Approved as to form:

Date: 8-23-10


Deputy City Attorney
City of Moreno Valley

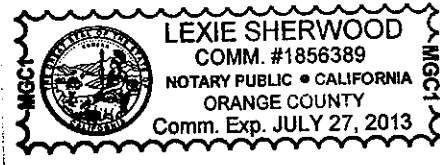
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 8-02-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared David L. Culbertson
Name(s) of Signer(s)



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010.



SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 26, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010.



David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

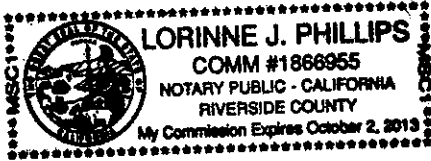
On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Addo Benzgari
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

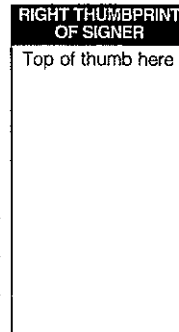
Signer's Name: _____ Signer's Name: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

MATERIAL AND LABOR BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.2)

Public Improvements \$ 233,500

Project No. PA07-0090

Bond No. 6711634

Premium INCLUDED IN PERFORMANCE BOND

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, (hereinafter designated as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and, EUCALYPTUS SEWER IMPROVEMENTS

WHEREAS, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Moreno Valley to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, we the Principal, and the undersigned as corporate Surety, are held and firmly bound unto the City of Moreno Valley and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Civil Code in the sum of ** Dollars (*****\$ 233,500.00*****), lawful money of the United States, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth, also in case suit is brought upon this bond, will pay, in addition to the face amount hereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

** TWO HUNDRED THIRTY-THREE THOUSAND FIVE HUNDRED & NO/100 DOLLARS

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

MATERIAL AND LABOR BOND (Page 2 of 2)
PROJECT NO. PA07-0090

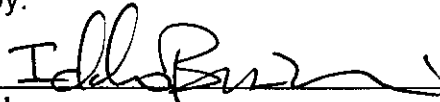
Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligation on this bond, and it does hereby waive notice of any such change, extension, alteration or addition. Surety further stipulates and agrees that the provision of Section 2845 of the Civil Code are not a condition precedent to the Surety's obligations hereunder and hereby waived by the Surety.

In witness whereof, this instrument has been duly executed by the Principal and Surety above named, on AUGUST 2, 2010.


NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By:

 President + CEO
Name Title

Name Title

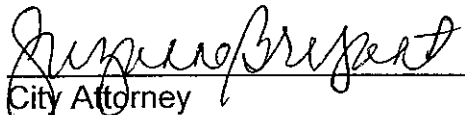
NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: 
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

Approved as to form:

Date: 8-23-10


City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

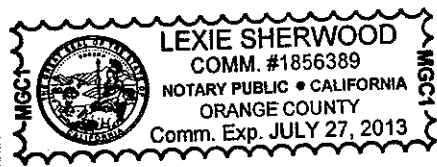
County of Orange }

On 8-02-10
Date

before me, Lexie Sherwood, Notary Public
Here Insert Name and Title of the Officer

personally appeared David L. Culbertson

Name(s) of Signer(s)



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature

Lexie Sherwood

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**.....

each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010.



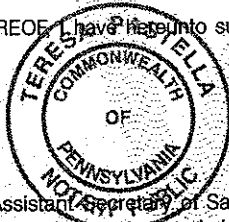
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 26, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name, and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

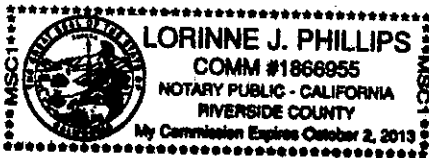
State of California

County of Riverside

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Ido Benzeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
 Top of thumb here

Signer Is Representing: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
 Top of thumb here

Signer Is Representing: _____

FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 2,778,000

Project No. PA07-0090

Bond No. 6711632

Premium \$50,004

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and,

EUCALYPTUS STREET IMPROVEMENTS

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and SAFECO INSURANCE COMPANY OF AMERICA, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of ** **AND NO/100** Dollars (*****\$ 2,778,000 .00*****), lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents. **** TWO MILLION SEVEN HUNDRED SEVENTY-EIGHT THOUSAND & NO/100 DOLLARS**

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.


FAITHFUL PERFORMANCE BOND (Page 2 of 2)
PROJECT NO. PA07-0090

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications. Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to Surety's obligations hereunder and are hereby waived by Surety.

When the work covered by the agreement is complete, the City Council of the City of Moreno Valley will accept the work and thereupon the amount of the obligation of this bond is reduced by 90%, with the remaining 10% held as security for the one-year maintenance period provided for in the agreement(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on AUGUST 2, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By  president & CEO
Name Title
Name Title

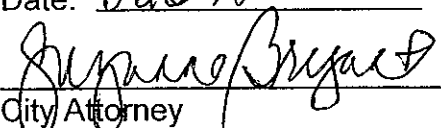
NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE:  ITS ATTORNEY-IN-FACT
DAVID L. CULBERTSON

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

Approved as to form:

Date: 8-23-10


Deputy City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange

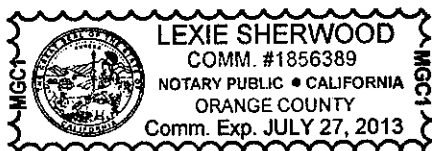
On 8-02-10
Date

before me, Lexie Sherwood, Notary Public

Here Insert Name and Title of the Officer

personally appeared David L. Culbertson

Name(s) of Signer(s)



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature

Lexie Sherwood
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

, each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010



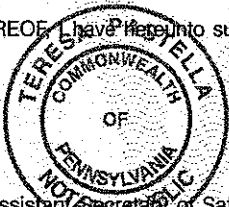
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside }

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Ado Benzeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

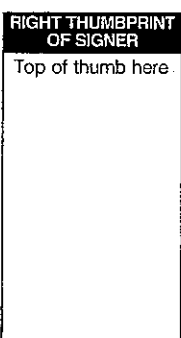
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

MATERIAL AND LABOR BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.2)

Public Improvements \$ 1,389,000

Project No. PA07-0090

Bond No. 6711632

Premium INCLUDED IN PERFORMANCE BOND

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, (hereinafter designated as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and, **EUCALYPTUS STREET IMPROVEMENTS**

WHEREAS, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Moreno Valley to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, we the Principal, and the undersigned as corporate Surety, are held and firmly bound unto the City of Moreno Valley and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Civil Code in the sum of ** Dollars (*****\$1,389,000*****), lawful money of the United States, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth, also in case suit is brought upon this bond, will pay, in addition to the face amount hereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

** ONE MILLION THREE HUNDRED EIGHTY-NINE THOUSAND & NO/100 DOLLARS

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

MATERIAL AND LABOR BOND (Page 2 of 2)
PROJECT NO. PA07-0090

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligation on this bond, and it does hereby waive notice of any such change, extension, alteration or addition. Surety further stipulates and agrees that the provision of Section 2845 of the Civil Code are not a condition precedent to the Surety's obligations hereunder and hereby waived by the Surety.

In witness whereof, this instrument has been duly executed by the Principal and Surety above named, on AUGUST 2, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): - By:

Todd Benz President + CEO
Name Title

Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: David L. Culbertson
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

Approved as to form:

Date: 8-23-10

Suzanne Bryant
City Attorney
City of Moreno Valley

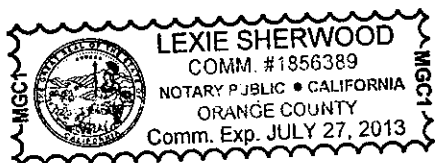
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 8-02-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared David L. Culbertson
Name(s) of Signer(s)



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

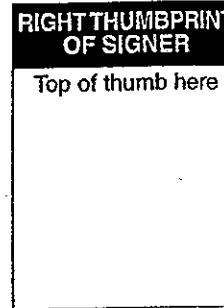
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010.



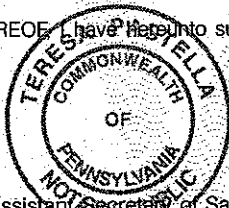
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

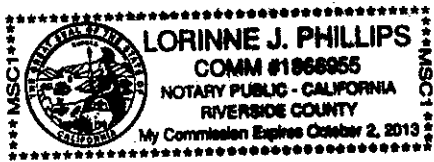
State of California

County of Riverside

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here insert Name and Title of the Officer

personally appeared Ado Benzgari
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): _____ Corporate Officer — Title(s): _____

Individual Individual

Partner — Limited General Partner — Limited General

Attorney in Fact Attorney in Fact

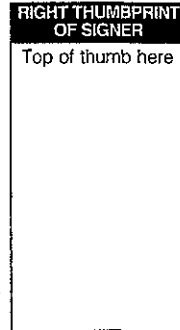
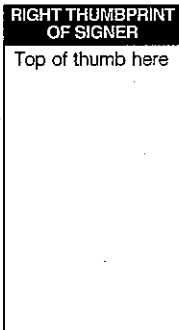
Trustee Trustee

Guardian or Conservator Guardian or Conservator

Other: _____ Other: _____

Signer Is Representing: _____

Signer Is Representing: _____



FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 1,050,000

Project No. PA07-0090

Bond No. 6711635

Premium \$18,900

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and, **EUCALYPTUS WATER IMPROVEMENTS**

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and **SAFECO INSURANCE COMPANY OF AMERICA**, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of **** AND NO/100 Dollars (**\$ 1,050,000 .00**)**, lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents. **** ONE MILLION FIFTY THOUSAND & NO/100 DOLLARS**

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

FAITHFUL PERFORMANCE BOND (Page 2 of 2)
PROJECT NO. PA07-0090

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to Surety's obligations hereunder and are hereby waived by Surety.

When the work covered by the agreement is complete, the City Council of the City of Moreno Valley will accept the work and thereupon the amount of the obligation of this bond is reduced by 90%, with the remaining 10% held as security for the one-year maintenance period provided for in the agreement(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on AUGUST 2, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By Idell Bunz President + CEO
Name Title
Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: David L. Culbertson
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY – ATTACH POWER OF ATTORNEY

Approved as to form:

Date: 8.23-10

Juzepina Buznet
City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange

On 8-02-10
Date

before me, Lexie Sherwood, Notary Public

Here Insert Name and Title of the Officer

personally appeared David L. Culbertson

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

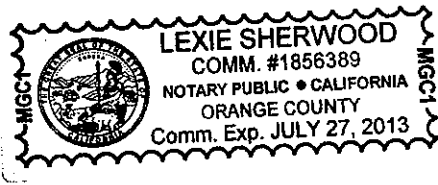
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature

Lexie Sherwood

Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

**SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

.....
.....
....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010.

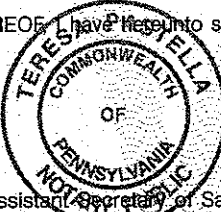


SAFECO INSURANCE COMPANY OF AMERICA
By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

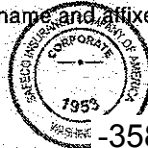
CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010.



David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

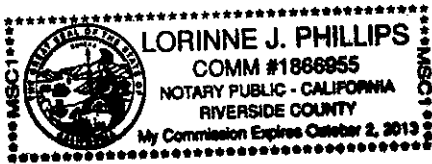
On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Ado Benzeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

- | | | | |
|---|---|---|---|
| <input type="checkbox"/> Corporate Officer — Title(s): _____
<input type="checkbox"/> Individual
<input type="checkbox"/> Partner — <input type="checkbox"/> Limited <input type="checkbox"/> General
<input type="checkbox"/> Attorney in Fact
<input type="checkbox"/> Trustee
<input type="checkbox"/> Guardian or Conservator
<input type="checkbox"/> Other: _____ | <p style="text-align: center; font-weight: bold; font-size: small;">RIGHT THUMBPRINT
OF SIGNER</p> <p style="text-align: center; font-size: x-small;">Top of thumb here</p> | <input type="checkbox"/> Corporate Officer — Title(s): _____
<input type="checkbox"/> Individual
<input type="checkbox"/> Partner — <input type="checkbox"/> Limited <input type="checkbox"/> General
<input type="checkbox"/> Attorney in Fact
<input type="checkbox"/> Trustee
<input type="checkbox"/> Guardian or Conservator
<input type="checkbox"/> Other: _____ | <p style="text-align: center; font-weight: bold; font-size: small;">RIGHT THUMBPRINT
OF SIGNER</p> <p style="text-align: center; font-size: x-small;">Top of thumb here</p> |
|---|---|---|---|

Signer Is Representing: _____

Signer Is Representing: _____

MATERIAL AND LABOR BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.2)

Public Improvements \$ 525,000

Project No. PA07-0090

Bond No. 6711635

Premium INCLUDED IN PERFORMANCE BOND

Surety SAFECO INSURANCE COMPANY OF AMERICAN

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, (hereinafter designated as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public-improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and, **EUCALYPTUS WATER IMPROVEMENTS**

WHEREAS, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Moreno Valley to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, we the Principal, and the undersigned as corporate Surety, are held and firmly bound unto the City of Moreno Valley and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Civil Code in the sum of **FIVE HUNDRED TWENTY-FIVE THOUSAND** Dollars (*****\$ 525,000.00*****), lawful money of the United States, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth, also in case suit is brought upon this bond, will pay, in addition to the face amount hereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange

On 8-02-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

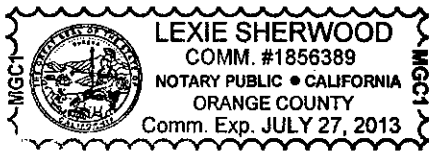
personally appeared David L. Culbertson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

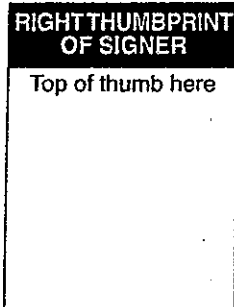
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

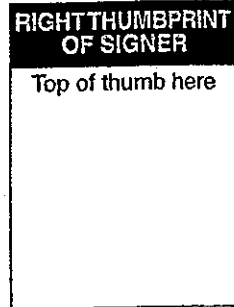
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010.



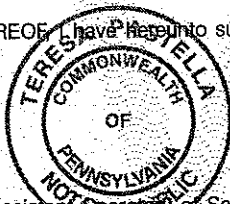
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

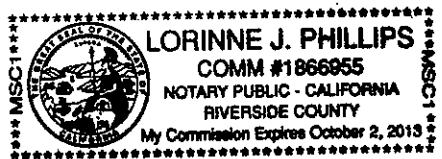
State of California

County of Riverside

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Ido Benzeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

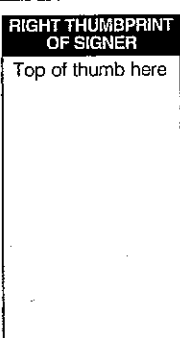
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

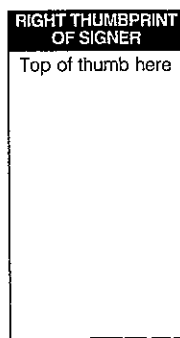
Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer Is Representing: _____

FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 6,813,595

Project No. PA07-0090

Bond No. 6711629

Premium \$122,645

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and HF Logistics-SKX T1, LLC, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to PA07-0090, which agreement is hereby referred to and made a part hereof; and,
LINE F STORM DRAIN IMPROVEMENTS

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and SAFECO INSURANCE COMPANY OF AMERICA, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of ** **AND NO/100** Dollars (*****\$ 6,813,595 .00*****), lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents. **** SIX MILLION EIGHT HUNDRED THIRTEEN THOUSAND FIVE HUNDRED NINETY-FIVE & NO/100 DOLLARS**

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

FAITHFUL PERFORMANCE BOND (Page 2 of 2)
PROJECT NO. PA07-0090

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to Surety's obligations hereunder and are hereby waived by Surety.

When the work covered by the agreement is complete, the City Council of the City of Moreno Valley will accept the work and thereupon the amount of the obligation of this bond is reduced by 90%, with the remaining 10% held as security for the one-year maintenance period provided for in the agreement(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on JULY 6, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By Iddo Benzeevi President & CEO
Name Title
Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: David L. Culbertson
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY – ATTACH POWER OF ATTORNEY

Approved as to form:

Date: _____

City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

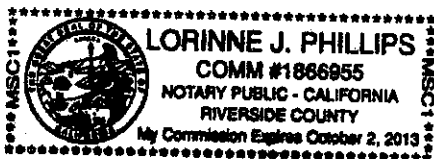
State of California

County of Riverside

On 7.8.10 before me, Lorinne J. Phillips, Notary Public

personally appeared Iddo Benzgeri

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: FAITHFUL PERFORMANCE BOND

Document Date: 7.6.10 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Iddo Benzgeri Signer's Name: _____

Corporate Officer — Title(s): PRES & CEO

Corporate Officer — Title(s): _____

- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing: _____

Signer Is Representing: _____

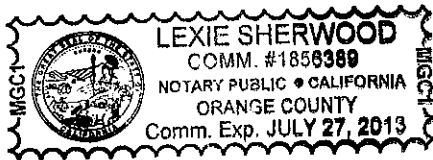
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 7-06-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared David L. Culbertson
Name(s) of Signer(s)



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

.....
.....
....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010.



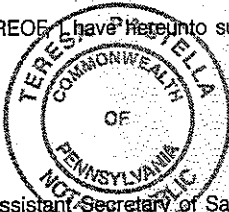
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 6TH day of JULY, 2010.



David M. Carey
David M. Carey, Assistant Secretary

Item No. G.4

currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

MATERIAL AND LABOR BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.2)

Public Improvements \$ 3,046,797.50 Project No. PA07-0090
Bond No. 6711629 Premium INCLUDED IN PERFORMANCE BOND
Surety SAFECO INSURANCE COMPANY OF AMERICAN Principal HF Logistics-SKX T1, LLC
Address 330 N. BRAND BOULEVARD, SUITE 500 Address 14225 Corporate Way
City/Zip GLENDAL, CA 91203 City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, (hereinafter designated as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and,

WHEREAS, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Moreno Valley to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, we the Principal, and the undersigned as corporate Surety, are held and firmly bound unto the City of Moreno Valley and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Civil Code in the sum of *** Dollars (*****\$ ** *****), lawful money of the United States, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth, also in case suit is brought upon this bond, will pay, in addition to the face amount hereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

** THREE MILLION FOUR HUNDRED SIX THOUSAND SEVEN HUNDRED NINETY-SEVEN & 50/100 DOLLARS
(\$3,406,797.50)

MATERIAL AND LABOR BOND (Page 2 of 2)
PROJECT NO. PA07-0090

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligation on this bond, and it does hereby waive notice of any such change, extension, alteration or addition. Surety further stipulates and agrees that the provision of Section 2845 of the Civil Code are not a condition precedent to the Surety's obligations hereunder and hereby waived by the Surety.

In witness whereof, this instrument has been duly executed by the Principal and Surety above named, on JULY 6, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By:

<u>Idlo Benzeer</u>	<u>President + CEO</u>
Name	Title
_____	_____
Name	Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: David L. Culbertson
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY – ATTACH POWER OF ATTORNEY

Approved as to form:

Date: _____

City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On 7.8.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Iddo Benzeevi
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: MATERIAL & LABOR BOND

Document Date: 7.6.10 Number of Pages: _____

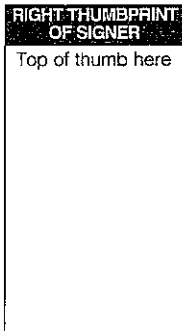
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: IDDO BENZEEVI Signer's Name: _____

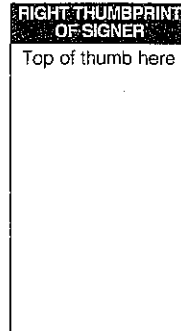
Corporate Officer — Title(s): PRES. & CEO Corporate Officer — Title(s): _____

- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

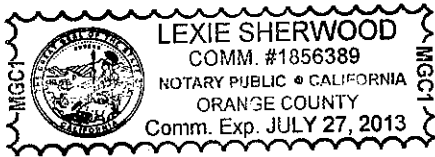
On 7-06-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared David L. Culbertson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.
Signature Lexie Sherwood
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**.....

....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010.



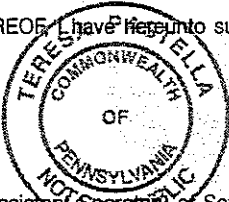
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

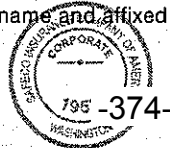
CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 6TH day of JULY, 2010.



David M. Carey
David M. Carey, Assistant Secretary

currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 42,000

Project No. PA07-0090

Bond No. 6711639

Premium \$756

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDAL, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and HF Logistics-SKX T1, LLC, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to PA07-0090, which agreement is hereby referred to and made a part hereof; and,

PARCEL MAP MONUMENTATION

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and SAFECO INSURANCE COMPANY OF AMERICA, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of FORTY-TWO THOUSAND AND NO/100 Dollars (**\$ 42,000 .00**), lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 8-02-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

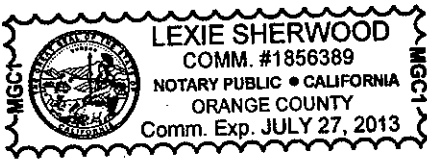
personally appeared David L. Culbertson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

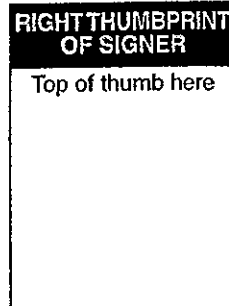
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**.....

each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010



SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

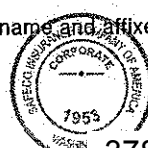
CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here, Insert Name and Title of the Officer

personally appeared Iddo Benzgeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public



Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

- | | | | |
|---|---|---|---|
| <input type="checkbox"/> Corporate Officer — Title(s): _____
<input type="checkbox"/> Individual
<input type="checkbox"/> Partner — <input type="checkbox"/> Limited <input type="checkbox"/> General
<input type="checkbox"/> Attorney in Fact
<input type="checkbox"/> Trustee
<input type="checkbox"/> Guardian or Conservator
<input type="checkbox"/> Other: _____ | <p style="text-align: center; font-weight: bold; font-size: small;">RIGHT THUMBPRINT OF SIGNER</p> <p style="text-align: center; font-size: x-small;">Top of thumb here</p> | <input type="checkbox"/> Corporate Officer — Title(s): _____
<input type="checkbox"/> Individual
<input type="checkbox"/> Partner — <input type="checkbox"/> Limited <input type="checkbox"/> General
<input type="checkbox"/> Attorney in Fact
<input type="checkbox"/> Trustee
<input type="checkbox"/> Guardian or Conservator
<input type="checkbox"/> Other: _____ | <p style="text-align: center; font-weight: bold; font-size: small;">RIGHT THUMBPRINT OF SIGNER</p> <p style="text-align: center; font-size: x-small;">Top of thumb here</p> |
|---|---|---|---|

Signer Is Representing: _____

Signer Is Representing: _____

MATERIAL AND LABOR BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.2)

Public Improvements \$ 21,000

Project No. PA07-0090

Bond No. 6711639

Premium INCLUDED IN PERFORMANCE BOND

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, (hereinafter designated as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and, **PARCEL MAP MONUMENTATION**

WHEREAS, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Moreno Valley to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, we the Principal, and the undersigned as corporate Surety, are held and firmly bound unto the City of Moreno Valley and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Civil Code in the sum of TWENTY-ONE THOUSAND & NO/100 Dollars (~~***\$1,000.00***~~), lawful money of the United States, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth, also in case suit is brought upon this bond, will pay, in addition to the face amount hereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

MATERIAL AND LABOR BOND (Page 2 of 2)
PROJECT NO. PA07-0090

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligation on this bond, and it does hereby waive notice of any such change, extension, alteration or addition. Surety further stipulates and agrees that the provision of Section 2845 of the Civil Code are not a condition precedent to the Surety's obligations hereunder and hereby waived by the Surety.

In witness whereof, this instrument has been duly executed by the Principal and Surety above named, on AUGUST 2, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By:

[Signature] President + CEO
Name Title

Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: [Signature]
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

Approved as to form:

Date: 8-23-10

[Signature]
City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 8-02-10

Date

before me, Lexie Sherwood, Notary Public

Here Insert Name and Title of the Officer

personally appeared David L. Culbertson

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature

Lexie Sherwood

Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Individual

Corporate Officer — Title(s): _____

Partner — Limited General

Attorney in Fact

Trustee

Guardian or Conservator

Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

Individual

Corporate Officer — Title(s): _____

Partner — Limited General

Attorney in Fact

Trustee

Guardian or Conservator

Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**.....

....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010.



SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here, Insert Name and Title of the Officer

personally appeared Ido Benzeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): _____ Corporate Officer — Title(s): _____

Individual Partner — Limited General Individual Partner — Limited General

Attorney in Fact Attorney in Fact

Trustee Trustee

Guardian or Conservator Guardian or Conservator

Other: _____ Other: _____

Signer Is Representing: _____ Signer Is Representing: _____

FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 171,000

Project No. PA07-0090

Bond No. 6711638

Premium \$3,078

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and HF Logistics-SKX T1, LLC, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to PA07-0090, which agreement is hereby referred to and made a part hereof; and,
REDLANDS DOMESTIC WATER IMPROVEMENTS

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and SAFECO INSURANCE COMPANY OF AMERICA, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of ** AND NO/100 Dollars (***\$ 171,000 .00***), lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents. ** ONE HUNDRED SEVENTY-ONE THOUSAND & NO/100 DOLLARS

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.


FAITHFUL PERFORMANCE BOND (Page 2 of 2)
PROJECT NO. PA07-0090

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications. Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to Surety's obligations hereunder and are hereby waived by Surety.

When the work covered by the agreement is complete, the City Council of the City of Moreno Valley will accept the work and thereupon the amount of the obligation of this bond is reduced by 90%, with the remaining 10% held as security for the one-year maintenance period provided for in the agreement(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on AUGUST 2, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By  President & CEO
Name Title

Name Title

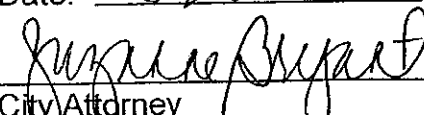
NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: 
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

Approved as to form:

Date: 8-23-10


Deputy City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange

On 8-02-10
Date

before me, Lexie Sherwood, Notary Public
Here Insert Name and Title of the Officer

personally appeared David L. Culbertson

Name(s) of Signer(s)

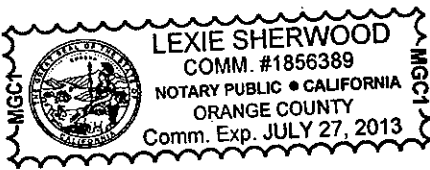
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature

Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**.....

each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010



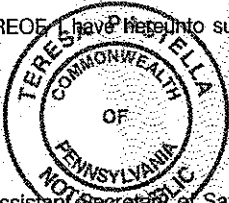
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2014
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On 8-19-10 before me, Lorinne J. Phillips, Notary Public
Date Here, Insert Name and Title of the Officer

personally appeared Ido Benzeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public



Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

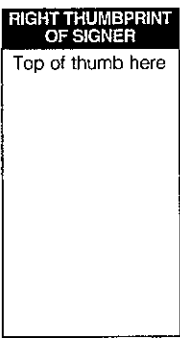
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

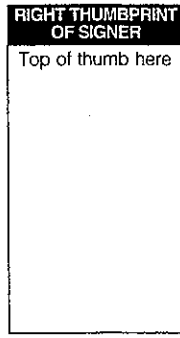
Signer's Name: _____ Signer's Name: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

MATERIAL AND LABOR BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.2)

Public Improvements \$ 85,500

Project No. PA07-0090

Bond No. 6711638

Premium INCLUDED IN PERFORMANCE BOND

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, (hereinafter designated as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and, **REDLANDS DOMESTIC WATER IMPROVEMENTS**

WHEREAS, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Moreno Valley to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, we the Principal, and the undersigned as corporate Surety, are held and firmly bound unto the City of Moreno Valley and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Civil Code in the sum of EIGHTY-FIVE THOUSAND FIVE HUNDRED Dollars (~~***\$85,500.00***~~), lawful money of the United States, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth, also in case suit is brought upon this bond, will pay, in addition to the face amount hereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange

On 8-02-10
Date

before me, Lexie Sherwood, Notary Public
Here Insert Name and Title of the Officer

personally appeared David L. Culbertson

Name(s) of Signer(s)

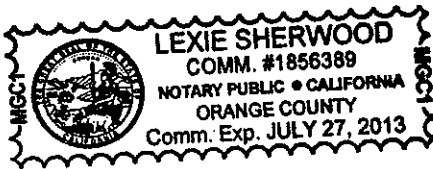
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature

Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**.....

, each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010.



SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

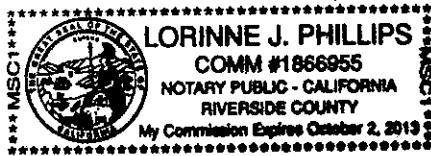
State of California

County of Riverside }

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Addo Benzgeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): _____

Corporate Officer — Title(s): _____

Individual

Individual

Partner — Limited General

Partner — Limited General

Attorney in Fact

Attorney in Fact

Trustee

Trustee

Guardian or Conservator

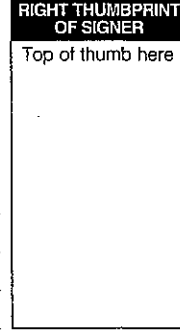
Guardian or Conservator

Other: _____

Other: _____

Signer Is Representing: _____

Signer Is Representing: _____



FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 563,000

Project No. PA07-0090

Bond No. 6711641

Premium \$ 10,134

Surety SAFECO INSURANCE COMPANY OF AMERICA ^{ALXVJCA}

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDAL, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and HF Logistics-SKX T1, LLC, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to PA07-0090, which agreement is hereby referred to and made a part hereof; and, REDLANDS SEWER IMPROVEMENTS

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and SAFECO INSURANCE COMPANY OF AMERICA ^{ALXVJCA}, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of ** **AND NO/100** Dollars (***\$ 563,000 .00***), lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents. **** FIVE HUNDRED SIXTY-THREE THOUSAND & NO/100 DOLLARS**

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City n successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

FAITHFUL PERFORMANCE BOND (Page 2 of 2)
PROJECT NO. PA07-0090

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to Surety's obligations hereunder and are hereby waived by Surety.

When the work covered by the agreement is complete, the City Council of the City of Moreno Valley will accept the work and thereupon the amount of the obligation of this bond is reduced by 90%, with the remaining 10% held as security for the one-year maintenance period provided for in the agreement(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on SEPTEMBER 14, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By Iddi Bazer President & CEO
Name Title
Samuel J. Jaramila Exec. VP & COO
Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA A(XV) CA
Company Name

AUTHORIZED SIGNATURE: David L. Culbertson
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

RISK MANAGEMENT
Approved

M. Alonzo 9-28-10
By Date

Approved as to form:
Date: _____

City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

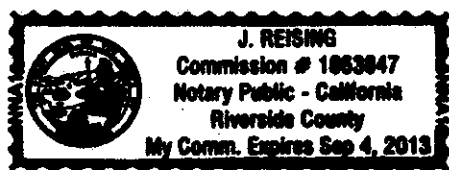
State of California

County of Riverside }

On 9/28/2010 before me, J Reising Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Ido Benzeevi & Danette Fenstermacher
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that ~~he~~ they executed the same in ~~his~~ their authorized capacity(ies), and that by ~~his~~ their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: [Handwritten Signature]
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Faithful Performance Bond

Document Date: 9/14/2010 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): _____

Corporate Officer — Title(s): _____

Individual

Individual

Partner — Limited General

Partner — Limited General

Attorney in Fact

Attorney in Fact

Trustee

Trustee

Guardian or Conservator

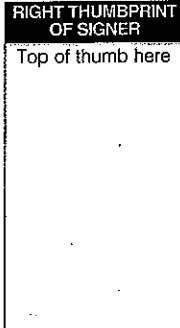
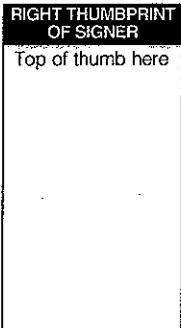
Guardian or Conservator

Other: _____

Other: _____

Signer Is Representing: _____

Signer Is Representing: _____



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange

On 9-14-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared David L. Culbertson
Name(s) of Signer(s)



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA (X)CA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010



SAFECO INSURANCE COMPANY OF AMERICA (X)CA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 14TH day of SEPTEMBER, 2010



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

MATERIAL AND LABOR BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.2)

Public Improvements \$ 281,500

Project No. PA07-0090

Bond No. 6711641

Premium INCLUDED IN PERFORMANCE BOND

Surety SAFECO INSURANCE COMPANY OF AMERICA ^{A(xv)CA}

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDAL, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and HF Logistics-SKX T1, LLC, (hereinafter designated as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to PA07-0090, which agreement is hereby referred to and made a part hereof; and,

REDLANDS SEWER IMPROVEMENTS

WHEREAS, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Moreno Valley to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, we the Principal, and the undersigned as corporate Surety, are held and firmly bound unto the City of Moreno Valley and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Civil Code in the sum of ** Dollars (***\$ 281,500.00), lawful money of the United States, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth, also in case suit is brought upon this bond, will pay, in addition to the face amount hereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

** TWO HUNDRED EIGHTY-ONE THOUSAND FIVE HUNDRED & NO/100 DOLLARS.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

MATERIAL AND LABOR BOND (Page 2 of 2)
PROJECT NO. PA07-0090

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligation on this bond, and it does hereby waive notice of any such change, extension, alteration or addition. Surety further stipulates and agrees that the provision of Section 2845 of the Civil Code are not a condition precedent to the Surety's obligations hereunder and hereby waived by the Surety.

In witness whereof, this instrument has been duly executed by the Principal and Surety above named, on SEPTEMBER 14, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By:

[Signature] President & CEO
Name Title
[Signature] Exec VP & COO
Name Title

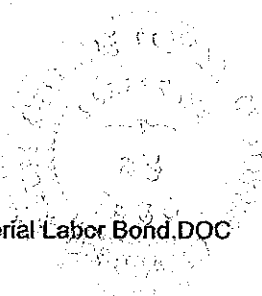
NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA (XV)CA
Company Name

AUTHORIZED SIGNATURE: [Signature]
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

RISK MANAGEMENT
Approved

[Signature] 9-28-10
By Date



Approved as to form:
Date: _____

City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

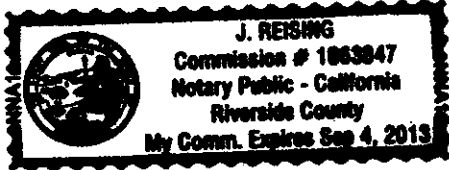
State of California

County of Riverside }

On 9/29/2010 before me, J Reising Notary Public
Date Here, Insert Name and Title of the Officer

personally appeared Iddo Ben Zeevi +
Name(s) of Signer(s)
Danette Fenstermacher

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that ~~he/she~~ they executed the same in ~~his/her~~ their authorized capacity(ies), and that by ~~his/her~~ their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.
 Signature: [Handwritten Signature]
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Faithful Performance Bond (Material Labor Bond)

Document Date: 9/14/2010 Number of Pages: _____

Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): _____ Corporate Officer — Title(s): _____

Individual Partner — Limited General Individual Partner — Limited General

Attorney in Fact Attorney in Fact

Trustee Trustee

Guardian or Conservator Guardian or Conservator

Other: _____ Other: _____

Signer Is Representing: _____ Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

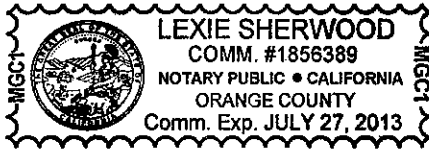
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 9-14-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared David L. Culbertson
Name(s) of Signer(s)



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

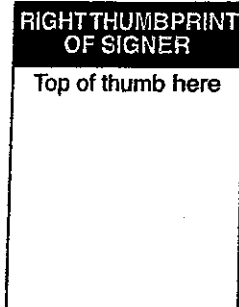
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

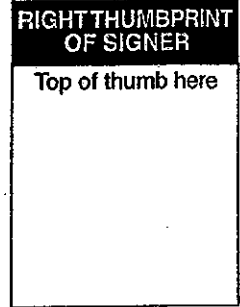
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

**SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY**

A(xv)ca

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**.....

.....
.....
....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12- Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010.



SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 14TH day of SEPTEMBER, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 515,000

Project No. PA07-0090

Bond No. 6711630

Premium \$9,270

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and, REDLANDS ELECTRICAL IMPROVEMENTS

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and SAFECO INSURANCE COMPANY OF AMERICA, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of ** **AND NO/100** Dollars (*****\$ 515,000 .00*****), lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents. **** FIVE HUNDRED FIFTEEN THOUSAND & NO/100 DOLLARS**

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

FAITHFUL PERFORMANCE BOND (Page 2 of 2)
PROJECT NO. PA07-0090

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to Surety's obligations hereunder and are hereby waived by Surety.

When the work covered by the agreement is complete, the City Council of the City of Moreno Valley will accept the work and thereupon the amount of the obligation of this bond is reduced by 90%, with the remaining 10% held as security for the one-year maintenance period provided for in the agreement(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on JULY 6, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By *Idolo Ronzen* President + CEO
Name Title
Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: *David L. Culbertson*
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

RISK MANAGEMENT
Approved

Approved as to form:
Date: _____

m. bloom 7-15-10
By Date

City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On 7.8.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Iddo Benzeevi
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public



Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: FAITHFUL PERFORMANCE BOND

Document Date: 7.6.10 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: IDDO BENZEEVI Signer's Name: _____

Corporate Officer — Title(s): PRES & CEO Corporate Officer — Title(s): _____

- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer Is Representing: _____

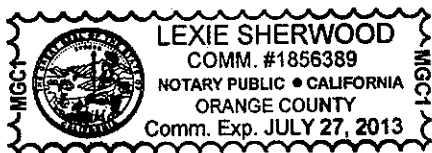
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 7-06-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared David L. Culbertson
Name(s) of Signer(s)



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

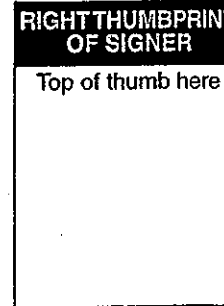
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

.....
.....
....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010.



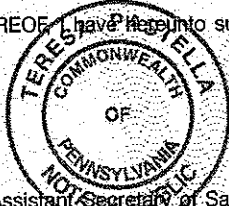
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 26, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 6TH day of JULY, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

MATERIAL AND LABOR BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.2)

Public Improvements \$ 257,500

Project No. PA07-0090

Bond No. 6711630

Premium INCLUDED IN PERFORMANCE BOND

Surety AXV SAFECO INSURANCE COMPANY OF AMERICAN

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, (hereinafter designated as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and, **REDLANDS ELECTRICAL IMPROVEMENTS**

WHEREAS, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Moreno Valley to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, we the Principal, and the undersigned as corporate Surety, are held and firmly bound unto the City of Moreno Valley and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Civil Code in the sum of ** Dollars (~~***\$257,500.00***~~), lawful money of the United States, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth, also in case suit is brought upon this bond, will pay, in addition to the face amount hereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

** TWO HUNDRED FIFTY-SEVEN THOUSAND FIVE HUNDRED & NO/100 DOLLARS

MATERIAL AND LABOR BOND (Page 2 of 2)
PROJECT NO. PA07-0090

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligation on this bond, and it does hereby waive notice of any such change, extension, alteration or addition. Surety further stipulates and agrees that the provision of Section 2845 of the Civil Code are not a condition precedent to the Surety's obligations hereunder and hereby waived by the Surety.

In witness whereof, this instrument has been duly executed by the Principal and Surety above named, on
JULY 6, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By:

Ido Banzeri President & CEO
Name Title

Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: David L. Culbertson
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

Approved as to form:

Date: _____

RISK MANAGEMENT
Approved

M. Alonzo 7-15-10
By Date

City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On 7-8-10 before me, Lorinne J. Phillips, Notary Public
Date Here, Insert Name and Title of the Officer

personally appeared Iddo Benzeevi
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: MATERIAL AND LABOR BOND

Document Date: 7-6-10 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: IDDO BENZEEVI Signer's Name: _____

Corporate Officer — Title(s): PRES. & CEO Corporate Officer — Title(s): _____

- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
 Top of thumb here

- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
 Top of thumb here

Signer Is Representing: _____

Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 7-06-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

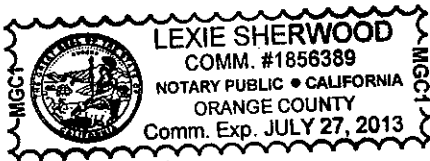
personally appeared David L. Culbertson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

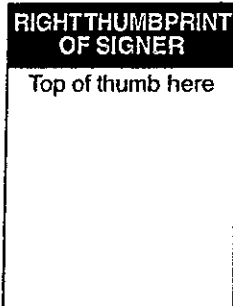
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

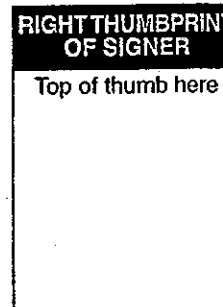
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010.



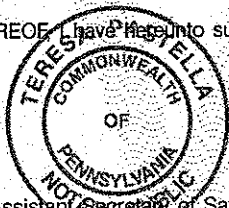
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public,
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 6TH day of JULY, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 273,000

Project No. PA07-0090

Bond No. 6711631

Premium \$4,914

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and,

REDLANDS ROUGH GRADING

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and SAFECO INSURANCE COMPANY OF AMERICA, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of ** AND NO/100 Dollars (***\$ 273,000 .00***), lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents. **** TWO HUNDRED SEVENTY-THREE THOUSAND & NO/100 DOLLARS.**

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

FAITHFUL PERFORMANCE BOND (Page 2 of 2)
PROJECT NO. PA07-0090


The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications.

Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to Surety's obligations hereunder and are hereby waived by Surety.

When the work covered by the agreement is complete, the City Council of the City of Moreno Valley will accept the work and thereupon the amount of the obligation of this bond is reduced by 90%, with the remaining 10% held as security for the one-year maintenance period provided for in the agreement(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on JULY 6, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By  President + CEO
Name Title
Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: 
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT


ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

Approved as to form:

Date: _____

City Attorney
City of Moreno Valley

RISK MANAGEMENT
Approved

 7-15-10
By Date

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

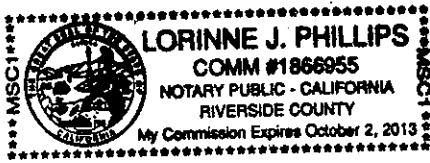
County of Riverside

On 7.8.10 Date

before me, Lorinne J. Phillips, Notary Public
Here Insert Name and Title of the Officer

personally appeared Iddo Benzzevi
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: FAITHFUL & PERFORMANCE BOND

Document Date: 7.6.10 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: IDDO BENZEEVI Signer's Name: _____

Corporate Officer — Title(s): PRES. & CEO Corporate Officer — Title(s): _____

- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
 Top of thumb here

- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
 Top of thumb here

Signer Is Representing: _____

Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 7-06-10
Date

before me, Lexie Sherwood, Notary Public
Here Insert Name and Title of the Officer

personally appeared David L. Culbertson

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

**RIGHT THUMBPRINT
OF SIGNER**

Top of thumb here

Signer Is Representing:

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

**RIGHT THUMBPRINT
OF SIGNER**

Top of thumb here

Signer Is Representing:

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010



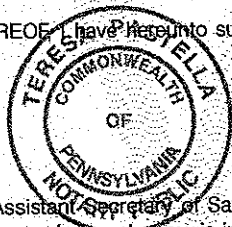
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 6TH day of JULY, 2010



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

MATERIAL AND LABOR BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.2)

Public Improvements \$ 136,500

Project No. PA07-0090

Bond No. 6711631

Premium INCLUDED IN PERFORMANCE BOND

Surety SAFECO INSURANCE COMPANY OF AMERICAN *AX*

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDAL, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, (hereinafter designated as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and,

REDLANDS ROUGH GRADING

WHEREAS, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Moreno Valley to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, we the Principal, and the undersigned as corporate Surety, are held and firmly bound unto the City of Moreno Valley and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Civil Code in the sum of ** Dollars (*****\$136,500.00 *****), lawful money of the United States, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth, also in case suit is brought upon this bond, will pay, in addition to the face amount hereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

** ONE HUNDRED THIRTY-SIX THOUSAND FIVE HUNDRED & NO/100 DOLLARS

MATERIAL AND LABOR BOND (Page 2 of 2)
PROJECT NO. PA07-0090

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligation on this bond, and it does hereby waive notice of any such change, extension, alteration or addition. Surety further stipulates and agrees that the provision of Section 2845 of the Civil Code are not a condition precedent to the Surety's obligations hereunder and hereby waived by the Surety.

In witness whereof, this instrument has been duly executed by the Principal and Surety above named, on JULY 6, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By:

Iddo Benzer President + CEO
Name Title

Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: David L. Culbertson
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

RISK MANAGEMENT
Approved

M. Alamy 7-15-10
By Date

Approved as to form:

Date: _____

City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On 7.8.10
Date

before me,

Lorinne J. Phillips, Notary Public
Here Insert Name and Title of the Officer

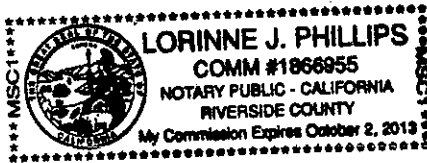
personally appeared

Iddo Benzeevi
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: MATERIAL & LABOR BOND

Document Date: 7.6.10 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: IDDO BENZEEVI Signer's Name: _____

Corporate Officer — Title(s): PRES & CEO Corporate Officer — Title(s): _____

- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
Top of thumb here

Signer Is Representing: _____

Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

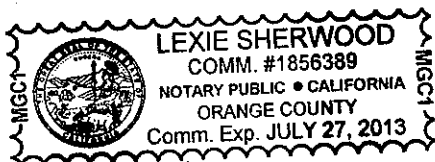
On 7-06-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared David L. Culbertson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal
Signature Lexie Sherwood
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

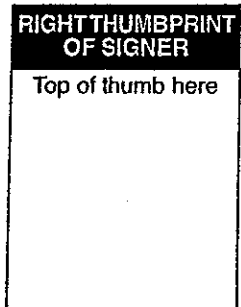
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

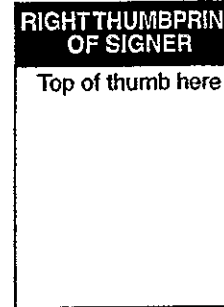
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010.



SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 6TH day of JULY, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 725,000

Project No. PA07-0090

Bond No. 6711637

Premium \$13,050

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and,

SINCLAIR WATER LINE IMPROVEMENTS

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and SAFECO INSURANCE COMPANY OF AMERICA, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of ** AND NO/100 Dollars (***\$ 725,000 .00***), lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents. ** SEVEN HUNDRED TWENTY-FIVE THOUSAND & NO/100 DOLLARS

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On 8-02-10 before me, Lexie Sherwood, Notary Public
Date Here Insert Name and Title of the Officer

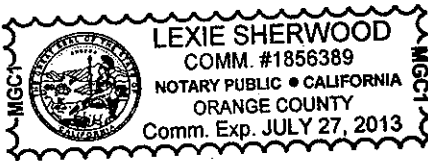
personally appeared David L. Culbertson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature Lexie Sherwood
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing:

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing:

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

**SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**.....

....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May, 2010



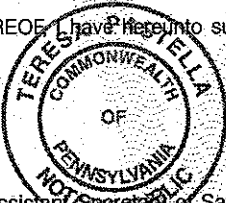
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 26, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010



By David M. Carey
David M. Carey, Assistant Secretary

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

NOT valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside }

On 8-19-10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Ado Benzgeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): _____

Corporate Officer — Title(s): _____

Individual

Individual

Partner — Limited General

Partner — Limited General

Attorney in Fact

Attorney in Fact

Trustee

Trustee

Guardian or Conservator

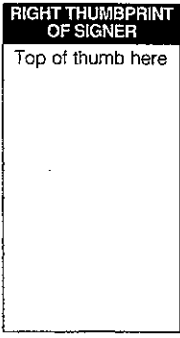
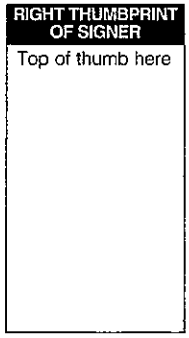
Guardian or Conservator

Other: _____

Other: _____

Signer Is Representing: _____

Signer Is Representing: _____



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange

On 8-02-10
Date

before me, Lexie Sherwood, Notary Public
Here Insert Name and Title of the Officer

personally appeared David L. Culbertson

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

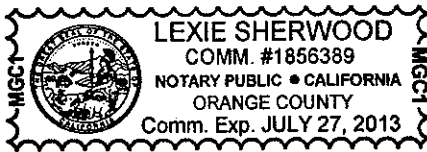
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature

Lexie Sherwood

Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing:

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing:

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010.



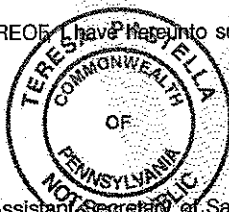
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010



David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Addo Benzgari
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public



Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): _____ Corporate Officer — Title(s): _____

Individual Partner — Limited General Individual Partner — Limited General

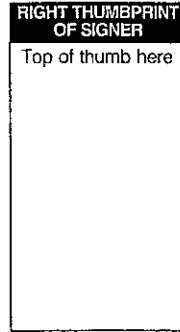
Attorney in Fact Attorney in Fact

Trustee Trustee

Guardian or Conservator Guardian or Conservator

Other: _____ Other: _____

Signer Is Representing: _____ Signer Is Representing: _____



FAITHFUL PERFORMANCE BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.1)

Public Improvements \$ 821,000

Project No. PA07-0090

Bond No. 6711633

Premium \$14,778

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and HF Logistics-SKX T1, LLC, as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to PA07-0090, which agreement is hereby referred to and made a part hereof; and, THEODORE STREET IMPROVEMENTS

WHEREAS, said principal is required under the terms of said agreement to furnish bond for the faithful performance of said agreement;

NOW, THEREFORE, we the Principal, and SAFECO INSURANCE COMPANY OF AMERICA, as Surety, are held and firmly bound to the City of Moreno Valley in the penal sum of ** AND NO/100 Dollars (***\$ 821,000 .00***), lawful money of the United States, for the payment of which sum will and truly to be made, we bind ourselves, our heirs, successors, executors and administrator, jointly and severally, firmly by these presents. **** EIGHT HUNDRED TWENTY-ONE THOUSAND & NO/100 DOLLARS**

The condition of this obligation is such that if the above bonded Principal, his or its heirs, executors, administrators, successors, or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and provisions in the said agreement and any alteration thereof made as therein provided, on his or specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Moreno Valley, its officers, agents and employees, as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

As part of the obligation secured hereby, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered.

FAITHFUL PERFORMANCE BOND (Page 2 of 2)
PROJECT NO. PA07-0090

The surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed thereunder or the specifications accompanying the same shall in anywise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the agreement or to the work or to the specifications. Surety further stipulates and agrees that the provisions of Section 2845 of the Civil Code are not a condition precedent to Surety's obligations hereunder and are hereby waived by Surety.

When the work covered by the agreement is complete, the City Council of the City of Moreno Valley will accept the work and thereupon the amount of the obligation of this bond is reduced by 90%, with the remaining 10% held as security for the one-year maintenance period provided for in the agreement(s).

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on AUGUST 2, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By Jodi Benzon President + CEO
Name Title
Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: David L. Culbertson
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

Approved as to form:

Date: 8.23.10

Stephan Bryant
Deputy City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

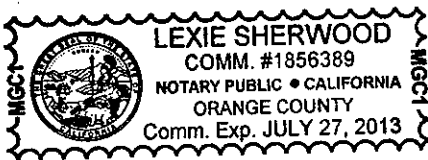
On 8-02-10
Date

before me, Lexie Sherwood, Notary Public

Here Insert Name and Title of the Officer

personally appeared David L. Culbertson

Name(s) of Signer(s)



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature

Lexie Sherwood

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

2904871

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

**SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00*****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010.



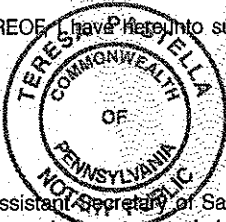
SAFECO INSURANCE COMPANY OF AMERICA

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010.



David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Ido Benzeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): _____ Corporate Officer — Title(s): _____

Individual Partner — Limited General Individual Partner — Limited General

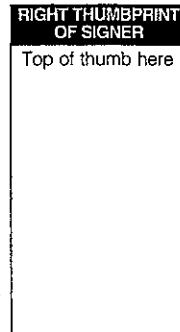
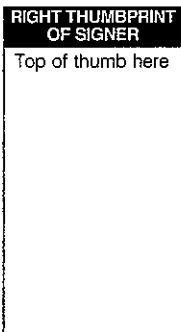
Attorney in Fact Attorney in Fact

Trustee Trustee

Guardian or Conservator Guardian or Conservator

Other: _____ Other: _____

Signer Is Representing: _____ Signer Is Representing: _____



MATERIAL AND LABOR BOND

City of Moreno Valley
County of Riverside
State of California
(Government Code Section 66499.2)

Public Improvements \$ 410,500

Project No. PA07-0090

Bond No. 6711633

Premium INCLUDED IN PERFORMANCE BOND

Surety SAFECO INSURANCE COMPANY OF AMERICA

Principal HF Logistics-SKX T1, LLC

Address 330 N. BRAND BOULEVARD, SUITE 500

Address 14225 Corporate Way

City/Zip GLENDALE, CA 91203

City/Zip Moreno Valley, CA 92553

WHEREAS, the City Council of the City of Moreno Valley, County of Riverside, State of California, and **HF Logistics-SKX T1, LLC**, (hereinafter designated as "Principal") have entered into, or are about to enter into the attached agreement whereby Principal agrees to install and complete the above-designated public improvements, relating to **PA07-0090**, which agreement is hereby referred to and made a part hereof; and,

THEODORE STREET IMPROVEMENTS

WHEREAS, under the terms of said agreement, principal is required before entering upon the performance of the work, to file a good and sufficient payment bond with the City of Moreno Valley to secure the claims to which reference is made in Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code of the State of California.

NOW, THEREFORE, we the Principal, and the undersigned as corporate Surety, are held and firmly bound unto the City of Moreno Valley and all contractors, subcontractors, laborers, material persons and other persons employed in the performance of the aforesaid agreement and referred to in the aforesaid Civil Code in the sum of FOUR HUNDRED TEN THOUSAND FIVE HUNDRED Dollars (***\$410,500.00 ***), lawful money of the United States, for materials furnished or labor thereon of any kind, or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that said Surety will pay the same in an amount not exceeding the amount hereinabove set forth, also in case suit is brought upon this bond, will pay, in addition to the face amount hereof, costs and reasonable expenses and fees, including reasonable attorney's fees, incurred by City in successfully enforcing such obligation, to be awarded and fixed by the court, and to be taxed as costs and to be included in the judgement therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 (commencing with Section 3082) of Part 4 of Division 3 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond.

MATERIAL AND LABOR BOND (Page 2 of 2)
PROJECT NO. PA07-0090

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force and effect.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or the specifications accompanying the same shall in any manner affect its obligation on this bond, and it does hereby waive notice of any such change, extension, alteration or addition. Surety further stipulates and agrees that the provision of Section 2845 of the Civil Code are not a condition precedent to the Surety's obligations hereunder and hereby waived by the Surety.

In witness whereof, this instrument has been duly executed by the Principal and Surety above named, on AUGUST 2, 2010.

NAME OF PRINCIPAL: HF Logistics-SKX T1, LLC
Company Name

AUTHORIZED SIGNATURE(S): By:

Idell Benzer = President & CEO
Name Title

Name Title

NAME OF SURETY: SAFECO INSURANCE COMPANY OF AMERICA
Company Name

AUTHORIZED SIGNATURE: David L. Culbertson
DAVID L. CULBERTSON ITS ATTORNEY-IN-FACT

ATTACH NOTARIAL ACKNOWLEDGMENT OF SIGNATURE OF PRINCIPAL AND ATTORNEY-IN-FACT.
BOND COMPANY - ATTACH POWER OF ATTORNEY

Approved as to form:

Date: 8.23-10

Suzanne Bryant
Dputy City Attorney
City of Moreno Valley

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange

On 8-02-10

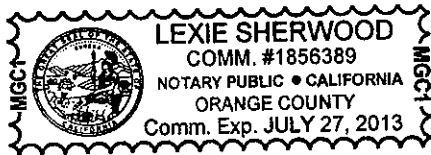
Date

before me, Lexie Sherwood, Notary Public

Here Insert Name and Title of the Officer

personally appeared David L. Culbertson

Name(s) of Signer(s)



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature

Signature of Notary Public

Lexie Sherwood

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

SAFECO INSURANCE COMPANY OF AMERICA
SEATTLE, WASHINGTON
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Safeco Insurance Company of America (the "Company"), a Washington stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint **DAVID L. CULBERTSON, CHARLES L. FLAKE, RICHARD A. COON, ALL OF THE CITY OF ANAHEIM, STATE OF CALIFORNIA**

....., each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FIFTY MILLION AND 00/100***** DOLLARS (\$ 50,000,000.00***** *****)** each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE IV - Execution of Contracts: Section 12. Surety Bonds and Undertakings.
Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitations as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article IV, Section 12 of the By-laws, Garnet W. Elliott, Assistant Secretary of Safeco Insurance Company of America, is authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Safeco Insurance Company of America has been affixed thereto in Plymouth Meeting, Pennsylvania this 14th day of May 2010.

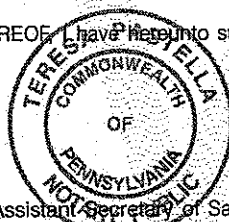


SAFECO INSURANCE COMPANY OF AMERICA
By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 14th day of May, 2010, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Safeco Insurance Company of America; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Safeco Insurance Company of America thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Safeco Insurance Company of America, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article IV, Section 12 of the By-laws of Safeco Insurance Company of America.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Safeco Insurance Company of America at a meeting duly called and held on the 18th day of September, 2009.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 2ND day of AUGUST, 2010



David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On 8.19.10 before me, Lorinne J. Phillips, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Adde Benzgeri
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Lorinne J. Phillips
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

- Corporate Officer --- Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
 Top of thumb here

Signer Is Representing: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER
 Top of thumb here

Signer Is Representing: _____

CITY MANAGER'S REPORT

**(Informational Oral Presentation only –
not for Council action)**

This page intentionally left blank.



CITY CLERK'S OFFICE

MEMORANDUM

To: Mayor and City Council
From: Jane Halstead, City Clerk, CMC
Date: December 13, 2010
Subject: ECONOMIC DEVELOPMENT UPDATE (Report of: City Manager's Office)
(Item G. 5)
cc: Agenda packet distribution list

Attached is the staff report and attachments, which were not included in the packet at the time of agenda preparation.

mi

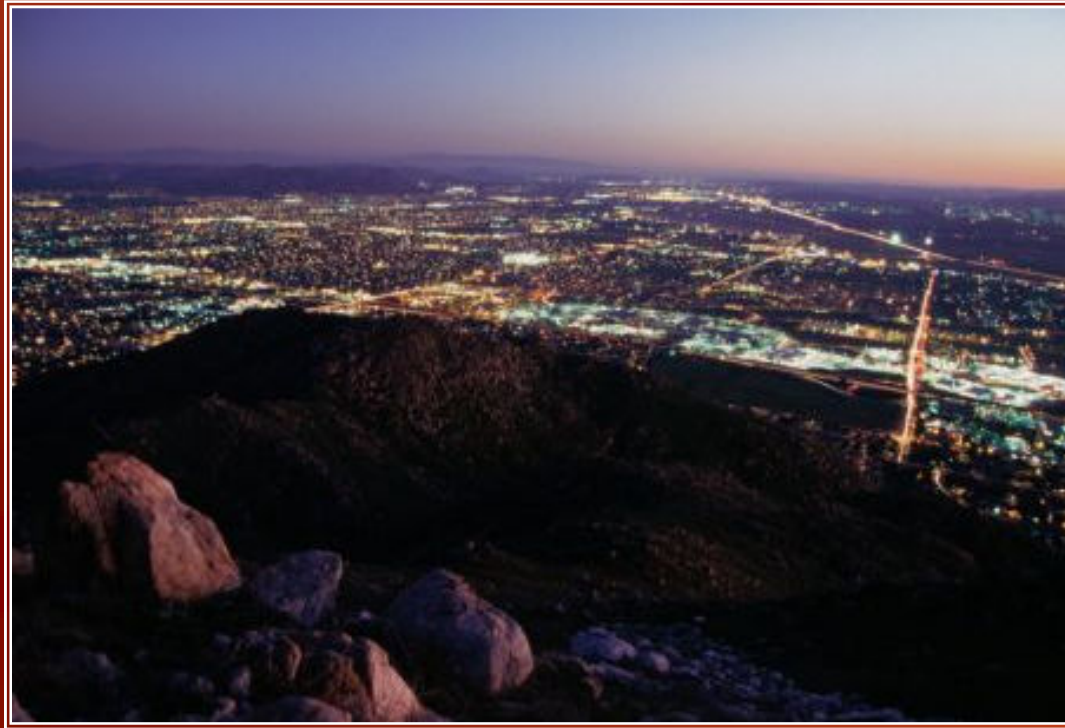
This page intentionally left blank.

Economic Development Update



Moreno Valley

Slower growth, but still among the fastest growing cities in America



Overcome Challenges From the “Great Recession”

- Housing Downturn
 - ✓ Market correction – prices stabilizing
 - ✓ Still confidence in Moreno Valley market
- Foreclosure Problems
 - ✓ Foreclosure Counseling Workshops
 - ✓ Neighborhood Stabilization Program (NSP)
- High Unemployment
 - ✓ Employment Resource Center (ERC)
 - ✓ Emphasize job creation

Quality Housing, Restaurants, Jobs and Shopping



Quality Housing



NEW to TownGate



COMING SOON!



Stoneridge Towne Centre



JUST OPENED!



Moreno Beach Plaza



- 40-acre center anchored by Walmart

Moreno Valley Auto Mall



Moss Bros. Autogroup acquired Chevrolet, Buick & GMC and completed dealership upgrades

Employment Opportunities

- Created over 3,200 jobs past two years
 - Ross Stores
 - Philips Electronics
 - United Natural Foods
 - O'Reilly Distribution
 - Frazee Paint
 - iHerb
- Estimated 2,000 more jobs coming – including Skechers USA & Harbor Freight Tools
- On average new businesses employ 75% from Moreno Valley residents

Sunnymead Boulevard



- \$2 million EMWD Upgrade completed
- \$12 million Street Improvement Project
- Upgrade of Moreno Valley Plaza and Holiday Inn Express
 - *JUST OPENED!* La Quinta Inn

March JPA

- Creating Jobs



- Meridian, a 1,200-acre master planned business park
 - March LifeCare, a 145-acre healthcare campus
- March JPA has already created 1,988 jobs and 9,000 more coming

Moreno Valley Report Card

- Opened ERC in August 2009
 - ✓ On average 200 people use ERC daily
 - ✓ Expansion opened September 2010
- Job Creation
 - ✓ 3,200 new jobs created past two years
 - ✓ New businesses include BAS Recycling, Frazee Paint, Harmon Kardon, iHerb, O'Reilly Automotive, Philips Electronics, ResMed, Ross, UNFI, U.S. Postal Service.
 - ✓ 2,000 more jobs coming including Skechers USA and Harbor Freight Tools.
- Residential Market Stabilizing
 - ✓ 16 Foreclosure Prevention Workshops
 - ✓ City's \$11.4 million NSP ongoing – NEW \$3.4 million award for NSP3
 - ✓ Home values improving – Up 21% and price increase 12 out of last 15 months
- Attraction of retailers, restaurants and hotels
 - ✓ New business include Ayres Hotel, Burlington Coat Factory, Bob's Big Boy, Fish Shack, Hampton Inn, La Quinta Inn, San Sai, Sports Authority & 99 Cents Only.
 - ✓ Coming businesses include Buffalo Wild Wings, Panera Bread and more.

Get ConnectED

Moreno Valley Business Support Services

Goal is business retention and business expansion

- Business Visitation Program
 - Business Roundtable
 - Small Business Development Center
- Chamber of Commerce Outreach
 - Opening of new ERC



Invest In Your Community



What's spent in MoVal, stays in MoVal!

For More Information:
Economic Development Department

www.moval.org
edteam@moval.org



ORDINANCE NO. 818

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, AMENDING SECTION 12.20.020 OF CHAPTER 12.20 OF THE CITY OF MORENO VALLEY MUNICIPAL CODE RELATING TO A PRIMA FACIE SPEED LIMIT FOR CERTAIN STREETS

The City Council of the City of Moreno Valley does ordain as follows:

SECTION 1. AMENDMENT TO THE MUNICIPAL CODE:

Section 12.20.020 of the City of Moreno Valley Municipal Code is hereby amended by declaring the prima facie speed limit (in miles per hour) for the following streets to provide as follows:

Name of Street	Segment Affected	Declared Prima Facie Speed Limit (MILES PER HOUR)
Bay Avenue	Old 215 Frontage Road to Elsworth Street	30
Bay Avenue	Ramsdell Drive to Perris Boulevard	35
Box Springs Road	Morton Road to Day Street	50
Brodiaea Avenue	Heacock Street to Rio Bravo Road	35
Brodiaea Avenue	Kitching Street to Lasselle Street	35
Cactus Avenue	Nason Street to Moreno Beach Drive	50
Cottonwood Avenue	Perris Boulevard to Lasselle Street	45
Cottonwood Avenue	Heacock Street to Perris Boulevard	45
Cottonwood Avenue	Frederick Street to Heacock Street	45
Day Street	Old 215 Frontage Road to Alessandro Boulevard	40
Dracaea Avenue	Old 215 Frontage Road to Day Street	30
Dracaea Avenue	Elsworth Street to Heacock Street	35
Dracaea Avenue	Heacock Street to Perris Boulevard	35

Name of Street	Segment Affected	Declared Prima Facie Speed Limit (MILES PER HOUR)
Dracaea Avenue	Perris Boulevard to Kitching Street	35
Dracaea Avenue	Kitching Street to Morrison Street	35
Elsworth Street	Cottonwood Avenue to Eucalyptus Avenue	40
Eucalyptus Avenue	Heacock Street to Perris Boulevard	40
Eucalyptus Avenue	Perris Boulevard to Lasselle Street	40
Eucalyptus Avenue	Lasselle Street to Morrison Street	40
Graham Street	Cactus Avenue to Cottonwood Avenue	45
Graham Street	Cottonwood Avenue to Sunnymead Avenue	45
Hemlock Avenue	Pigeon Pass Road to Heacock Street	35
Hemlock Avenue	Heacock Street to Indian Street	30
Hidden Springs Drive	Pigeon Pass Road to Pigeon Pass Road	40
Hubbard Street	Ironwood Avenue to Skyland Drive	30
Iris Avenue	Heacock Street to Perris Boulevard	45
Ironwood Avenue	Day Street to Pigeon Pass Road	45
Ironwood Avenue	Pigeon Pass Road to Heacock Street	45
Ironwood Avenue	Heacock Street to Perris Boulevard	40
Ironwood Avenue	Perris Boulevard to Lasselle Street	45
Ironwood Avenue	Lasselle Street to Nason Street	45
Krameria Avenue	Lasselle Street to Cahuilla Drive	35
Lake Vista Road	Sunnymead Ranch Parkway to Lake Summit Drive	30
Lake Summit Drive	Solitare Circle to Heacock Street	30
Lasselle Street	John F. Kennedy Drive to Alessandro Boulevard	50
Lasselle Street	Alessandro Boulevard to Eucalyptus Avenue	45

Name of Street	Segment Affected	Declared Prima Facie Speed Limit (MILES PER HOUR)
Locust Avenue	Moreno Beach Drive to Redlands Boulevard	45
Morrison Street	Alessandro Boulevard to Eucalyptus Avenue	40
Morton Road	Penunuri Way to Box Springs Road	35
Old Lake Drive	Pigeon Pass Road to Sunnymead Ranch Parkway	45
Oliver Street	Alessandro Boulevard to Cottonwood Avenue	45
Pigeon Pass Road	Sunnymead Boulevard to Ironwood Avenue	45
Presidio Hills Drive	Pigeon Pass Road to Espada Creek Road	35
Redlands Boulevard	EB SR-60 to Northern City Limit	55
Redlands Boulevard	Cottonwood Avenue to EB SR-60	55
Redlands Boulevard	Cactus Avenue to Cottonwood Avenue	50
Sunnymead Boulevard	Frederick Street to Heacock Street	35
Sunnymead Boulevard	Heacock Street to Perris Boulevard	35
Sunnymead Boulevard	Perris Boulevard to Kitching Street	40
Sunnymead Ranch Parkway	Pigeon Pass Road to Heacock Street	45
Sunnymead Ranch Parkway	Heacock Street to Perris Boulevard	45
Town Circle	Heritage Way to Centerpoint Drive	25

SECTION 2. BASIS OF DETERMINATION:

There is on file with the City Traffic Engineer a traffic investigative report indicating that the speed limits set forth above are reasonable and safe and most appropriate to facilitate the orderly movement of traffic.

SECTION 3. IMPLEMENTATION:

The City Traffic Engineer shall post appropriate signs giving notice of the prima facie speed limit changed as determined by this Ordinance.

SECTION 4. EFFECT OF ENACTMENT:

Except as specifically provided herein, nothing contained in this ordinance shall be deemed to modify or supersede any prior enactment of the City Council which addresses the same subject addressed herein.

SECTION 5. NOTICE OF ADOPTION:

Within fifteen days after the date of adoption hereof, the City Clerk shall certify to the adoption of this ordinance and cause it to be posted in three public places within the city.

SECTION 6. EFFECTIVE DATE:

This ordinance shall take effect thirty days after the date of its adoption.

APPROVED AND ADOPTED this 14th day of December, 2010.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

ORDINANCE JURAT

[Clerk's office will prepare]

[NOTE: Any attachments or exhibits to this ordinance should follow this jurat.]