



**CITY OF CORNING
CITY COUNCIL AGENDA
TUESDAY, JUNE 10, 2014
CITY COUNCIL CHAMBERS
794 THIRD STREET**

The City of Corning welcomes you to our meetings, which are regularly scheduled for the second and fourth Tuesdays of each month. Your participation and interest is encouraged and appreciated.

In compliance with the Americans with Disabilities Act, the City of Corning will make available to members of the public any special assistance necessary to participate in this meeting. The public should contact the City Clerk's office (530/824-7033) to make such a request. Notification at least 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

This is an Equal Opportunity Program. Discrimination is prohibited by Federal Law. Complaints of discrimination may be filed with the Secretary of Agriculture, Washington, D.C. 20250.

A. CALL TO ORDER: 7:30 p.m.

B. ROLL CALL:

Council:

**Darlene Dickison
Dave Linnet
Tony Cardenas
Willie Smith
Gary Strack**

Mayor:

C. PLEDGE OF ALLEGIANCE: Led by the City Manager.

D. INVOCATION: Led by City Council Member Tony Cardenas

Persons of no religious persuasion will not be expected in any manner to stand or to participate other than to remain quiet out of respect for those who do choose to participate.

E. PROCLAMATIONS, RECOGNITIONS, APPOINTMENTS, PRESENTATIONS:

F. BUSINESS FROM THE FLOOR:

G. CONSENT AGENDA: It is recommended that items listed on the Consent Agenda be acted on simultaneously unless a Councilmember or members of the audience requests separate discussion and/or action.

- 1. Waive reading, except by title, of any Ordinance under consideration at this meeting for either introduction or passage, per Government Code Section 36934.**
- 2. Waive the reading and approve the Minutes of the May 27, 2014 City Council Meeting with any necessary corrections.**
- 3. June 4, 2014 Claim Warrant - \$196,586.98.**
- 4. May 2014 Wages and Salaries: \$490,996.74.**
- 5. May 2014 Treasurer's Report.**
- 6. May 2014 Building Permit Valuation Report - \$85,806.07.**
- 7. Accept the May 2014 City of Corning Wastewater Operation Summary Report.**
- 8. Adopt Resolution 06-10-2014-01 calling for the Municipal Election and requesting that it be consolidated with the November 4, 2014 Statewide General Election.**
- 9. Designation of League of California Cities voting Delegate and Alternate.**

H. ITEMS REMOVED FROM THE CONSENT AGENDA:

I. PUBLIC HEARINGS AND MEETINGS:

J. REGULAR AGENDA:

10. Extend Contract for one year with John Stoufer, DBA JBS Planning Consultant Services
11. Authorize the Mayor to sign final Loan Documents with 3CORE, Inc. for the Rodger's Theater Rehabilitation.
12. Introduction, presentation, discussion and action on the proposed 2014-2015 City of Corning Budget.

K. ITEMS PLACED ON THE AGENDA FROM THE FLOOR:

L. COMMUNICATIONS, CORRESPONDENCE AND INFORMATION: None.

M. REPORTS FROM MAYOR AND COUNCIL MEMBERS: City Councilmembers will report on attendance at conferences/meetings reimbursed at City expense (Requirement of Assembly Bill 1234).

Dickison:

Linnet:

Cardenas:

Smith:

Strack:

N. ADJOURNMENT!:

POSTED: FRIDAY, JUNE 6, 2014



**CITY OF CORNING
CITY COUNCIL MINUTES
TUESDAY, MAY 27, 2014
CITY COUNCIL CHAMBERS
794 THIRD STREET**

The City of Corning welcomes you to our meetings, which are regularly scheduled for the second and fourth Tuesdays of each month. Your participation and interest is encouraged and appreciated.

In compliance with the Americans with Disabilities Act, the City of Corning will make available to members of the public any special assistance necessary to participate in this meeting. The public should contact the City Clerk's office (530/824-7033) to make such a request. Notification at least 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

This is an Equal Opportunity Program. Discrimination is prohibited by Federal Law. Complaints of discrimination may be filed with the Secretary of Agriculture, Washington, D.C. 20250.

A. CALL TO ORDER: 7:30 p.m.

B. ROLL CALL:

Council:

Darlene Dickison

Dave Linnet

Tony Cardenas

Willie Smith

Mayor:

Gary Strack

All members of the City Council were present.

C. PLEDGE OF ALLEGIANCE: Led by the City Manager.

D. INVOCATION: Led by City Council Member Tony Cardenas

Persons of no religious persuasion will not be expected in any manner to stand or to participate other than to remain quiet out of respect for those who do choose to participate.

E. PROCLAMATIONS, RECOGNITIONS, APPOINTMENTS, PRESENTATIONS:

1. Presentation: Kopta Slough-Woodson Bridge Flood Damage Reduction and Habitat Restoration Project.

Introduction: Jane Dolan, Sacramento River Conservation Area Forum, (otherwise known as FORUM). Ms. Dolan introduced the members presenting the PowerPoint on the Kopta Slough Flood Damage Reduction and Habitat Restoration Project. These members are: Amy Lyons (PowerPoint), and DWR-NRO Program Manager Aric Lester, DWR-NRO Senior Environmental Scientist Adam Henderson and Supervisor Burt Bundy (addressing any questions). Ms. Dolan then listed the nine (9) Project Partners (which includes the City of Corning).

Project Information: Amy Lyons, Department of Water Resources, Northern Region Office (DWR-NRO) narrated a PowerPoint presentation:

- Outlining the **Project Area**
- **Project Objectives:** 1. Restore riparian habitat; 2. Restore hydrologic & geomorphic function; 3. Reduce flood management system O&M responsibilities; 4. Provide advance mitigation for future flood management projects; 5. Reduce unwanted erosion & protect public resources & infrastructure; 6. Enhance recreation opportunities.
- **Project Elements:** 1. Transfer ownership of the 648 acre Kopta Slough to a State or Federal Agency; 2. Restore 176 acres of riparian habitat; 3. Remove 5,600 ft. of rock revetment; and 4. Protect Woodson Bridge west abutment and the City of Corning Sewer Outfall.

Ms. Nolan then briefed the Council on the timeframe associated with the planning, construction and completion of the project. Right now they believe that it will be approximately 2 years to complete the planning and permit phase.

F. BUSINESS FROM THE FLOOR: None.

G. CONSENT AGENDA: It is recommended that items listed on the Consent Agenda be acted on simultaneously unless a Councilmember or members of the audience requests separate discussion and/or action.

2. **Waive reading, except by title, of any Ordinance under consideration at this meeting for either introduction or passage, per Government Code Section 36934.**
3. **Waive the reading and approve the Minutes of the May 13, 2014 City Council Meeting with any necessary corrections.**
4. **May 21, 2014 Claim Warrant - \$172,436.99.**
5. **May 21, 2014 Business License Report.**

Councilor Smith moved to approve Consent Items 2-5 and Councilor Dickison seconded the motion. **Ayes: Strack, Dickison, Linnet, Cardenas and Smith. Opposed/Absent/Abstain: None. Motion was approved by a vote of 5-0.**

H. ITEMS REMOVED FROM THE CONSENT AGENDA: None.

I. PUBLIC HEARINGS AND MEETINGS:

6. **Proposed Annual Increase for Sewer Service: Staff requests Council adoption of Resolution No. 05-27-2014-01; A Resolution of the City of Corning setting sewer rate increases to be effective on the first of July in 2014, 2015, 2016 2017 and 2018.**

City Manager John Brewer explained that an increase of 3.5% would keep the City solvent and maintain our ability to keep up with inflation. Mayor Strack acknowledged that the City had received three letters protesting the rate increase and opened the public hearing at 7:48 p.m. With no one present to speak on this subject, Mayor Strack closed the public hearing at 7:49 p.m.

Councilor Cardenas made the motion, following the Public Hearing to consider all public input and concerns, to approve the schedule of sewer rate increase by adoption of Resolution 05-27-2014-01. Councilor Linnet seconded the motion. **Ayes: Strack, Dickison, Linnet, Cardenas and Smith. Opposed/Absent/Abstain: None. Motion was approved by a vote of 5-0.**

City Manager Brewer stated that should the City obtain enough revenue from PG&E savings through the possible solar installations at the Wastewater Treatment Plant, the sewer rates could be revisited each year prior to the scheduled increase.

J. REGULAR AGENDA:

7. **Adopt Resolution 05-27-2014-02, a Resolution of the Corning City Council authorizing the recording of the attached Notice of Liens for Delinquent and Uncollected Water and/or Sewer Fees in the combined amount of \$8,291.19 on Properties that are located within the Sphere of Influence of the City of Corning and listed on Exhibit "A" attached.**

Mayor Strack introduced this item by title acknowledging that a \$100 payment had been made reducing the total amount to be liened to \$8,191.19.

With no further discussion, Councilor Smith moved to adopt Resolution 05-27-2014-02 and authorize the City Clerk to record Liens in the combined amount of \$8,191.19 for delinquent water and/or sewer service on the properties listed on attached exhibit "A". Councilor Dickison seconded the motion. **Ayes: Strack, Dickison, Linnet, Cardenas and Smith. Opposed/Absent/Abstain: None. Motion was approved by a vote of 5-0.**

8. Approve Land Lease Agreement and submittal of a Use Permit Application with Verizon Wireless for placement of a 120 ft. Monopole with accessory equipment in a 30' x 30' Lease area at Estil Clark Park, APN: 73-260-30, Address: 103 E. Fig Lane.

Mayor Strack introduced this item by title. City Manager John Brewer briefed the Council on the project and terms of the Lease Agreement. Mr. Brewer explained that we are not requesting Council approval of the Use Permit, what Staff is requesting is Council's authorization for him (the City Manager) to sign the Use Permit Application as the landowner, which we require of all applicants so that this issue can be presented to the Planning Commission for review and consideration.

Melodie and Richard Poisson presented the Council with some written information and addressed the Council as owners of DM-Tech, a wireless internet business, stating their concerns on whether this new Monopole with accessory equipment could affect their business. They stated their concerns and asked that the City Council delay action on this issue tonight to allow them enough time to obtain the necessary answers from the Verizon representatives to ensure that this installation will not interfere, interrupt, or cause financial damage to their business. Mr. Poisson explained some of the technical aspects related to the Monopole and equipment that could possibly cause their business problems and stated some possible alternative temporary solutions.

Cardenas moved to authorize the City Manager to sign the Use Permit Application submitted by Verizon and, if the Use Permit is approved, authorize the Mayor to sign the Land Lease Agreement with Verizon for the establishment of a 30' X 30' unmanned telecommunications facility and 120 ft. high Monopole on City owned property at Estil Clark Park. Councilor Dickison seconded the motion. **Ayes: Strack, Dickison, Linnet, and Cardenas. Opposed/Absent: None. Abstain: Smith. Motion was approved by a vote of 4-0 with Smith abstaining.**

Mayor Strack stated that the City should contact Little League, etc. (Park Users) to ensure that this will not cause problems with them.

K. ITEMS PLACED ON THE AGENDA FROM THE FLOOR: None.

L. COMMUNICATIONS, CORRESPONDENCE AND INFORMATION: None.

M. REPORTS FROM MAYOR AND COUNCIL MEMBERS: City Councilmembers will report on attendance at conferences/meetings reimbursed at City expense (Requirement of Assembly Bill 1234).

Dickison: Reported on her attendance at the Community Action Agency Meeting where they reported on current projects and their attendance at our City Council Meeting. She further stated that she attended the Ribbon Cutting Ceremony on Saturday for the new restaurant in town (Condor Marka Peruvian Restaurant).

Linnet: Reported that the Tehama County Sanitary Landfill (JPA) meeting has been moved to June 6th. He announced that the Pay-It Forward Committee picked up trash at the Skateboard Park and on June 14th plans to paint the bleachers at Yost Park.

Cardenas: Reported he attended the Memorial Day Services this weekend and they had a packed house. He announced that the Farmers Market will be from 5-7:30 at Northside Park beginning on Thursday, June 5th and they will be held until the last Thursday in August. He stated that all certified produced must be inspected by the County Agriculture Department and the Chamber has agreed to not charge any stall fees again this year.

Smith: Reported on her attendance at the Senior Center meeting where she was informed that the Community Action Agency is taking over the Senior Nutrition Program.

Strack: Stated that he had attended the Memorial Day Service.

N. ADJOURNMENT!: 8:30 p.m.

Lisa M. Linnet, City Clerk

**MEMORANDUM**

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: LORI SIMS
ACCOUNTING TECHNICIAN

DATE: June 4, 2014

SUBJECT: Cash Disbursement Detail Report for the
Tuesday June 10, 2014 Council Meeting

PROPOSED CASH DISBURSEMENTS FOR YOUR APPROVAL CONSIST OF THE FOLLOWING:

A.	Cash Disbursements	Ending 05-30-14	\$ 25,243.23
B.	Payroll Disbursements	Ending 05-30-14	\$ 72,853.20
C.	Cash Disbursements	Ending 05-30-14	\$ 168.16
D.	Cash Disbursements	Ending 06-03-14	\$ 88,745.55
E.	Cash Disbursements	Ending 06-04-14	\$ 9,576.84

GRAND TOTAL **\$196,586.98**

REPORT.: May 30 14 Friday
 RUN....: May 30 14 Time: 09:50
 Run By.: LORI

CITY OF CORNING
 Cash Disbursement Detail Report
 Check Listing for 05-14 Bank Account.: 1020

PAGE: 001
 ID #: PY-DP
 CTL.: COR

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
018505	05/22/14	EXO00	EXOTIC CAR AUDIO OR	4550.45	.00	4550.45	A39981	VEH REPL PROG-POLICE
018506	05/23/14	ADA02	ADAMSON POLICE PRODUCTS	2794.00	.00	2794.00	INV75515	SAFETY ITEMS-POLICE
018507	05/30/14	ACS00	ACS GOVERNMENT SYSTEMS, I	625.00	.00	625.00	1039352	COMP/EQUIP/SOFT-FIRE
018508	05/30/14	ATT15	AT&T MOBILITY	406.30	.00	406.30	140519	COMMUNICATIONS-
018509	05/30/14	BAS01	BASIC LABORATORY, INC	126.00	.00	126.00	1404767	ProfServices Water Dept
018510	05/30/14	BIG02	BIG VALLEY SANITATION II	175.00	.00	175.00	11007	MAT & SUPPLIES-AIRPORT
018511	05/30/14	COM01	COMPUTER LOGISTICS, INC	116.67	.00	116.67	62736	COMMUNICATIONS-POLICE
				27.00	.00	27.00	62743	COMMUNICATIONS-POLICE
			Check Total.....:	143.67	.00	143.67		
018512	05/30/14	COR11	CORNING SAFE & LOCK	9.68	.00	9.68	4188	MAT & SUPPLIES-POOL
018513	05/30/14	COR16	CORNING FLORIST & GIFTS	59.13	.00	59.13	002000	Mat/Supplies City Council
				45.16	.00	45.16	002006	Mat/Supplies City Council
			Check Total.....:	104.29	.00	104.29		
018514	05/30/14	COR33	CORNING VETERAN'S HALL	35.00	.00	35.00	104	PRINTING/ADV-POLICE
018515	05/30/14	EXO00	EXOTIC CAR AUDIO OR	85.00	.00	85.00	A 40173	VEH/OP/MAINT-POLICE
018516	05/30/14	GRA02	GRAINGER, W.W., INC	105.30	.00	105.30	944488631	MAT & SUPPLIES-PARKS
				55.56	.00	55.56	944652501	MAT & SUPPLIES-WTR
				106.43	.00	106.43	944660361	MAT & SUPPLIES-
			Check Total.....:	267.29	.00	267.29		
018517	05/30/14	HOL04	HOLIDAY MARKET #32	15.96	.00	15.96	70321205/	MAT & SUPPLIES-BLD MAINT
018518	05/30/14	KEL03	KELLER SUPPLY COMPANY	38.10	.00	38.10	007556872	MAT & SUPPLIES-POOL
				1034.72	.00	1034.72	S00752158	MAT & SUPPLIES-WTR
				16.74	.00	16.74	S00755015	MAT & SUPPLIES-POOL
				30.15	.00	30.15	S00755687	MAT & SUPPLIES-POOL
			Check Total.....:	1119.71	.00	1119.71		
018519	05/30/14	LAW16	LAWRENCE & ASSOCIATES	170.61	.00	170.61	21637	REFUSE DISPOSAL SITE-WTR
018520	05/30/14	MCD01	MCDANIEL SIGN COMPANY	322.50	.00	322.50	3478	VEH REPL PROGRAM-POLICE
018521	05/30/14	MSC00	MSC INDUSTRIAL SUPPLY CO.	193.24	.00	193.24	33123724	MAT & SUPPLIES-PARKS

REPORT.: May 30 14 Friday
 RUN...: May 30 14 Time: 09:50
 Run By.: LORI

CITY OF CORNING
 Cash Disbursement Detail Report
 Check Listing for 05-14 Bank Account.: 1020

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Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
018522	05/30/14	MUN03	MUNNELL & SHERRILL, INC.	76.50	.00	76.50	094905	MAT & SUPPLIES-WTR
018523	05/30/14	NAP01	NAPA AUTO PARTS	330.68	.00	330.68	140521F	VEH OP/MAINT-
018524	05/30/14	NOR10	NICOLINO CLEMENTE	190.00	.00	190.00	4152	CERT OF EXTNG-BLD MAINT
018525	05/30/14	OFF01	OFFICE DEPOT	171.99	.00	171.99	711556368	OFFICE SUPPLIES-POLICE
				86.10	.00	86.10	711556604	OFFICE SUPPLIES-POLICE
				7.62	.00	7.62	714498180	OFFICE SUPPLIES-DISPATCH
			Check Total.....:	265.71	.00	265.71		
018526	05/30/14	PGE2A	PG&E	55.09	.00	55.09	140516	ELECT-BLUE HERON CT
018527	05/30/14	PGE2B	PG&E	7532.64	.00	7532.64	140523	ELECT-WWTP
018528	05/30/14	QUI02	QUILL CORPORATION	98.65	.00	98.65	2992635	OFFICE SUPPLIES-FINANCE
				37.67	.00	37.67	3026480	OFFICE SUPPLIES-
			Check Total.....:	136.32	.00	136.32		
018529	05/30/14	SAF05	SAFARILAND, LLC	139.69	.00	139.69	I14-06310	MAT & SUPPLIES-POLICE
018530	05/30/14	THO07	THOMSON WEST	444.62	.00	444.62	609372514	MAT & SUPPLIES-POLICE
018531	05/30/14	VAL07	VALLEY VETERINARY CLINIC,	132.23	.00	132.23	140528	K-9 PROGRAM-POLICE
018532	05/30/14	WAR03	WARD'S CONCRETE, INC	4526.25	.00	4526.25	7-2014-CO	CG&S REPLACEMENT-STR
018533	05/30/14	WAR05	WARREN, DANA KARL	269.80	.00	269.80	140527	REC INSTRUCTOR-REC
			Cash Account Total.....:	25243.23	.00	25243.23		
			Total Disbursements.....:	25243.23	.00	25243.23		
			Cash Account Total.....:	.00	.00	.00		

REPORT.: May 30 14 Friday
 RUN...: May 30 14 Time: 09:50
 Run By.: LORI

CITY OF CORNING
 Cash Disbursement Detail Report - Payroll Vendor Payment(s)
 Check Listing for 05-14 Bank Account.: 1025

PAGE: 003
 ID #: PY-DP
 CTL.: COR

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Description
6357	05/27/14	BAN03	POLICE OFFICER ASSOC.	250.00	.00	250.00	B40527	POLICE OFFICER ASSOC
6358	05/27/14	CAL37	CALIFORNIA STATE DISBURSE	430.61	.00	430.61	B40527	WITHHOLDING ORDER
6359	05/27/14	EDD01	EMPLOYMENT DEVELOPMENT	3540.65	.00	3540.65	B40527	STATE INCOME TAX
				1040.84	.00	1040.84	1B40527	SDI
			Check Total.....:	4581.49	.00	4581.49		
6360	05/27/14	PERS1	PUBLIC EMPLOYEES RETIRE	23642.22	.00	23642.22	B40527	PERS PAYROLL REMITTANCE
6361	05/27/14	PERS4	Cal Pers 457 Def. Comp	250.00	.00	250.00	B40527	PERS DEF. COMP.
6362	05/27/14	VAL06	VALIC	620.00	.00	620.00	B40527	AIG VALIC P TAX
6368	05/30/14	AFL01	AMERICAN FAMILY LIFE	5083.53	.00	5083.53	B40531	AFLAC INS.PRE TAX
				711.09	.00	711.09	1B40531	AFLAC INS.AFTER TAX
			Check Total.....:	5794.62	.00	5794.62		
6369	05/30/14	BLU02	BLUE SHIELD OF CALIFORNIA	22868.00	.00	22868.00	B40531	MEDICAL INSURANCE
6370	05/30/14	MUT00	MUTUAL OF OMAHA	477.68	.00	477.68	B40531	LIFE INSURANCE
6371	05/30/14	OEU01	OPERATING ENGINEERS #3	8151.00	.00	8151.00	B40531	MEDICAL INSURANCE
6372	05/30/14	OEU02	OPERATING ENG. (DUES)	354.00	.00	354.00	B40531	UNION DUES MGMT
				627.00	.00	627.00	1B40531	UNION DUES POLICE
				392.00	.00	392.00	2B40531	UNION DUES DISPATCH
				598.00	.00	598.00	3B40531	UNION DUES-MISC
			Check Total.....:	1971.00	.00	1971.00		
6373	05/30/14	PRI04	PRINCIPAL	3219.42	.00	3219.42	B40531	DENTAL INSURANCE
				597.16	.00	597.16	1B40531	VISION INSURANCE
			Check Total.....:	3816.58	.00	3816.58		
			Cash Account Total.....:	72853.20	.00	72853.20		
			Total Disbursements.....:	72853.20	.00	72853.20		

REPORT.: May 30 14 Friday
 RUN...: May 30 14 Time: 12:09
 Run By.: LORI

CITY OF CORNING
 Cash Disbursement Detail Report
 Check Listing for 05-14 Bank Account.: 1020

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 CTL.: COR

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Description
018534	05/30/14	\A074	ALVAREZ, ALEJANDRO	59.05	.00	59.05	000B40501	MQ CUSTOMER REFUND FOR AL
018535	05/30/14	\J077	JAMISON PROPERTIES,	22.90	.00	22.90	000B40501	MQ CUSTOMER REFUND FOR JA
018536	05/30/14	\M119	MCCARTY, BILL	1.95	.00	1.95	000B40501	MQ CUSTOMER REFUND FOR MC
018537	05/30/14	\P052	PINON, ANTONIA	7.66	.00	7.66	000B40501	MQ CUSTOMER REFUND FOR PI
018538	05/30/14	\S108	SANCHEZ, ARTURO	50.00	.00	50.00	000B40501	MQ CUSTOMER REFUND FOR SA
018539	05/30/14	\S109	SMITH, ROBERT & JOYCE	26.60	.00	26.60	000B40501	MQ CUSTOMER REFUND FOR SM
Cash Account Total.....:				168.16	.00	168.16		
Total Disbursements.....:				168.16	.00	168.16		

REPORT.: Jun 03 14 Tuesday
 RUN....: Jun 03 14 Time: 15:46
 Run By.: LORI

CITY OF CORNING
 Cash Disbursement Detail Report
 Check Listing for 06-14 Bank Account.: 1020

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 ID #: PY-DP
 CTL.: COR

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Description
018540	06/02/14	COR07	CORBIN WILLITS SYSTEMS	729.72	.00	729.72	000B406011	EQUIP MAINT-FINANCE
018541	06/02/14	COR09	CORNING CHAMBER OF COMM.	1000.00	.00	1000.00	000B406011	ECONOMIC DEVELOPMENT
018542	06/02/14	HAL05	HALL, ROBERT	104.70	.00	104.70	000B406011	PROF SVCS-FIRE DEPT
018543	06/02/14	KEN00	KEN VAUGHAN & SONS	1200.00	.00	1200.00	000B406011	LANDSCAPE MAINT-
018544	06/02/14	MAI00	MAIRE & BURGESS	5525.00	.00	5525.00	000B406011	CONSULTING SVCS-LEGAL SVC
018545	06/02/14	PIT01	PITNEY BOWES	192.92	.00	192.92	000B406011	EQUIP LEASE-FINANCE
018546	06/02/14	S&L00	S & L BREWER ENTERPRISES	200.00	.00	200.00	000B406011	K-9 PROGRAM-POLICE
018547	06/02/14	TLD01	TEDC	208.33	.00	208.33	000B406011	ECONOMIC DEVELOPMENT
018548	06/02/14	TOM03	TOMLINSON JR., ROBERT L.	54.70	.00	54.70	000B406011	PROF SVCS-FIRE
018549	06/02/14	WHI05	WHITE GLOVE CLEANING SERV	2995.00	.00	2995.00	000B406011	JANITORIAL SVCS-
018550	06/03/14	ATT14	AT&T	161.18	.00	161.18	140523F	COMMUNICATIONS-FIRE
				182.03	.00	182.03	140523P	COMMUNICATIONS-POLICE
			Check Total.....:	343.21	.00	343.21		
018551	06/03/14	BAS01	BASIC LABORATORY, INC	126.00	.00	126.00	1404931	ProfServices Water Dept
018552	06/03/14	CAL16	CALIFORNIA SAFETY COMPANY	715.50	.00	715.50	270847	BLD MAINT-
018553	06/03/14	COM01	COMPUTER LOGISTICS, INC	1886.00	.00	1886.00	62734	EQUIP MAINT-
				23.00	.00	23.00	62742	EQUIP MAINT-GEN CITY
			Check Total.....:	1909.00	.00	1909.00		
018554	06/03/14	COR01	CORNING VETERINARY CLINIC	206.75	.00	206.75	42520	PROF SVCS-ACO
018555	06/03/14	COR08	CORNING LUMBER CO INC	549.50	.00	549.50	140525	MAT & SUPPLIES-
018556	06/03/14	COR11	CORNING SAFE & LOCK	7.50	.00	7.50	4195	MAT & SUPPLIES-LIBRARY
018557	06/03/14	COR22	CORNING MEDICAL ASSOC	1031.00	.00	1031.00	14-0528	EMP PHYSICALS-POOL
018558	06/03/14	COR23	CORNING CARPET STORE	552.11	.00	552.11	6260	BLD MAINT-POLICE
018559	06/03/14	COR45	CORNING ACE HARDWARE	153.10	.00	153.10	140527	MAT & SUPPLIES-
018560	06/03/14	DAY03	DAY WIRELESS SYSTEMS {03}	250.00	.00	250.00	361345	COMMUNICATIONS-DISPATCH
				21.50	.00	21.50	361920	COMMUNICATIONS-DISPATCH

REPORT.: Jun 03 14 Tuesday
 RUN....: Jun 03 14 Time: 15:46
 Run By.: LORI

CITY OF CORNING
 Cash Disbursement Detail Report
 Check Listing for 06-14 Bank Account.: 1020

PAGE: 002
 ID #: PY-DP
 CTL.: COR

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Description
Check Total.....:				271.50	.00	271.50		
018561	06/03/14	DM001	DM-TECH	119.90	.00	119.90	831	COMMUNICATIONS-GEN CITY
018562	06/03/14	GRA02	GRAINGER, W.W., INC	50.04	.00	50.04	945310412	MAT & SUPPLIES-ACO
018563	06/03/14	HOM03	HOME DEPOT	71.94	.00	71.94	7180538	MAT & SUPPLIES-PARKS
018564	06/03/14	INT01	INTERLAND BUSINESS SUPPLY	40.31	.00	40.31	554	OFFICE SUPPLIES-POLICE
018565	06/03/14	KNI00	KNIFE RIVER CONSTRUCTION	570.44	.00	570.44	148907	A/C CITYWIDE-STR
				448.80	.00	448.80	148908	A/C CITYWIDE-STR
Check Total.....:				1019.24	.00	1019.24		
018566	06/03/14	MCC07	MCCOY'S HARDWARE & SUPPLY	265.79	.00	265.79	140527	MAT & SUPPLIES-
018567	06/03/14	NAP01	NAPA AUTO PARTS	564.31	.00	564.31	140521	VEH OP/MAINT-
018568	06/03/14	NAT13	NATIONWIDE TRUST CO.	5250.00	.00	5250.00	1214	FIRE SERVICE AWARD-FIRE
018569	06/03/14	NOR10	NICOLINO CLEMENTE	280.93	.00	280.93	4154	BLD MAINT-TRANS FAC
018570	06/03/14	NOR25	NORTHERN LIGHTS ENRGY, INC	3900.53	.00	3900.53	123111	VEH OP/MAINT-
018571	06/03/14	OFF01	OFFICE DEPOT	85.99	.00	85.99	714498079	MAT & SUPPLIES-POLICE
018572	06/03/14	PAC16	PACIFIC TELEMAGEMENT SE	38.00	.00	38.00	650972	COMMUNICATIONS-GEN CITY
018573	06/03/14	PGE01	PG&E	604.89	.00	604.89	140528	ELECT-
018574	06/03/14	SEI01	SEILER, ROY R., CPA	2851.20	.00	2851.20	26425	PROF SVCS-FINANCE
018575	06/03/14	SEV00	SEVERN TRENT ENVIRONMENTA	51507.69	.00	51507.69	2073730	PROF SVCS-
018576	06/03/14	STO07	STOUFER, JOHN BEDFORD	2880.00	.00	2880.00	140602	PROF SVCS-PLANNING
018577	06/03/14	THO01	THOMES CREEK ROCK CO	883.06	.00	883.06	140602	MAT & SUPPLIES-WTR
018578	06/03/14	THO03	THOMAS HYDRAULIC	90.37	.00	90.37	361998	VEH OP/MAINT-FIRE
018579	06/03/14	VAL04	VALLEY TRUCK & TRACTOR CO	165.82	.00	165.82	436776	VEH OP/MAINT-
Cash Account Total.....:				88745.55	.00	88745.55		
Total Disbursements.....:				88745.55	.00	88745.55		

REPORT.: Jun 04 14 Wednesday
 RUN...: Jun 04 14 Time: 15:00
 Run By.: LORI

CITY OF CORNING
 Cash Disbursement Detail Report
 Check Listing for 06-14 Bank Account.: 1020

PAGE: 001
 ID #: PY-DP
 CTL.: COR

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Description
018580	06/04/14	AND01	ED ANDERSON	1987.50	.00	1987.50	14-0101	PROP 84 PHASE 2 NON CON-P
018581	06/04/14	ATT02	AT&T	1132.27	.00	1132.27	140525	COMMUNICATIONS-
018582	06/04/14	COR01	CORNING VETERINARY CLINIC	70.00	.00	70.00	42523	SPAY/NEUTER PROGRAM-ACO
				140.00	.00	140.00	42626	SPAY/NEUTER PROGRAM-ACO
			Check Total.....	210.00	.00	210.00		
018583	06/04/14	JAC02	JACOBUS, BOB	42.46	.00	42.46	052914146	SMALL TOOLS-MECH MAINT
018584	06/04/14	KEL03	KELLER SUPPLY COMPANY	67.63	.00	67.63	S00751962	MAT & SUPPLIES-POOL
				.00	.00	.00	S00753806	MAT & SUPPLIES-
				135.58	.00	135.58	S00755300	MAT & SUPPLIES-
				285.11	.00	285.11	S00760257	MAT & SUPPLIES-
			Check Total.....	488.32	.00	488.32		
018585	06/04/14	NOR25	NORTHERN LIGHTS ENRGY, INC	4088.17	.00	4088.17	123145	MAT & SUPPLIES-STR
				196.99	.00	196.99	123146	VEH OP/MAINT-FIRE
			Check Total.....	4285.16	.00	4285.16		
018586	06/04/14	PGE2A	PG&E	231.57	.00	231.57	140530	ELECT-MCDONALD, CASSANDRA,
				19.49	.00	19.49	140530A	ELECT-MARTINI PLAZA
			Check Total.....	251.06	.00	251.06		
018587	06/04/14	RON03	RON DUPRATT FORD	165.24	.00	165.24	775622	VEH OP/MAINT-
				353.55	.00	353.55	775749	K-9 PROGRAM-
			Check Total.....	518.79	.00	518.79		
018588	06/04/14	SCH01	LES SCHWAB TIRE CENTER	462.21	.00	462.21	611001142	VEH OP/MAINT-
018589	06/04/14	WES02	WESTERN BUSINESS PRODUCTS	44.99	.00	44.99	043239	EQUIP MAINT-FIRE DISPATCH
018590	06/04/14	XER00	XEROX CORPORATION	154.08	.00	154.08	074335217	EQUIP MAINT-POLICE
			Cash Account Total.....	9576.84	.00	9576.84		
			Total Disbursements.....	9576.84	.00	9576.84		

CITY OF CORNING

MAY 2014

TREASURERS REPORT

AGENCY	BALANCE	RATE
LOCAL AGENCY INVESTMENT FUND	1,779,757.52	.23

Respectfully Submitted

Pala Cantrell
City Treasurer

6/2/2014
8:34:25AM

CITY OF CORNING
PERMITS ISSUED (sort by Permit #)
For the Period 5/1/2014 thru 5/31/2014

Page 1
ITEM NO. : G-6

Owner and Address	Parcel Number	Issued On	Valuation
PHILLIP McCARKLE 1410 FIG LN CORNING CA 96021 Permit Description: REMODEL	7126312 Site Street Address: 1410 FIG LN	5/16/2014	20,000.00
STEPHANIE BAYLOR 1611 PALM AVE CORNING CA 96021 Permit Description: C/O WALL FURNACE	7129218 Site Street Address: 1611 PALM AVE	5/7/2014	2,000.00
ELPIDIO SANTOS 2151 BLOSSOM AVE CORNING CA 96021 Permit Description: INSTALL ROOF MOUNT SOLAR	7120311 Site Street Address: 2151 BLOSSOM AVE	5/6/2014	20,800.00
AARON MOUNT 2081 FIG LN CORNING CA 96021 Permit Description: REPLACE SEWER MAIN	7125006 Site Street Address: 2081 FIG LN	5/1/2014	1,300.00
DAVIES VARGAS 1314 SOLANO ST CORNING CA 96021 Permit Description: INTERIOR INFILL	7113107 Site Street Address: 1314 SOLANO ST	5/1/2014	6,000.00
BOB CHATHA 2185 SOLANO ST CORNING CA 96021 Permit Description: REPLACE HVAC	7114042 Site Street Address: 2185 SOLANO ST	5/6/2014	8,800.00
CANDACE DEMO 2122 BLOSSOM AVE CORNING CA 96021 Permit Description: ROOF MOUNT SOLAR	7120227 Site Street Address: 2122 BLOSSOM AVE	5/8/2014	17,076.07

CITY OF CORNING
PERMITS ISSUED (sort by Permit #)
For the Period 5/1/2014 thru 5/31/2014

Owner and Address	Parcel Number	Issued On	Valuation
ANN WILLIAMS 1936 SOLANO ST CORNING CA 96021 Permit Description: ADD REFRIDGERATER UNIT	7108007 Site Street Address: 1936 SOLANO ST	5/13/2014	4,500.00
STEVE TURNER 1405 SOLANOST CORNING CA 96021 Permit Description: DEMO FIRE DAMAGE	7112606 Site Street Address: 1405 SOLANOST	5/14/2014	500.00
FELICIA MORENO 1346 FIFTH AVE CORNING CA 96021 Permit Description: 6' BACK YARD FENCE	7124202 Site Street Address: 1346 FIFTH AVE	5/20/2014	480.00
HECTOR MARISCAL 530 TOOMES AVE CORNING CA 96021 Permit Description: ADD 4' X 9' FRONT PORCH	7106239 Site Street Address: 530 TOOMES AVE	5/20/2014	500.00
HERIBERT MALDONADO 320 MARGUERITE AVE CORNING CA 96021 Permit Description: ADD STUCCO PARTIAL FRONT	7320048 Site Street Address: 320 MARGUERITE AVE	5/28/2014	350.00
PEDRO GUZMAN 1522 YOLO ST CORNING CA 96021 Permit Description: C/O ELECT. SERVICE	7110410 Site Street Address: 1522 YOLO ST	5/28/2014	900.00
TIM LINNET 1404 YOLO ST CORNING CA 96021 Permit Description: 2nd LAYER REROOF	7110609 Site Street Address: 1404 YOLO ST	5/30/2014	2,600.00

14 Permits Issued from 5/1/2014 Thru 5/31/2014 FOR A TOTAL VALUATION OF \$ 85,806.07

*** END OF REPORT ***



**CITY OF CORNING
WASTEWATER OPERATION SUMMARY REPORT
May 2014**

Severn Trent Services
25010 Gardiner Ferry Rd
P.O. Box 230
Corning, CA 96021
United States

T: +1 530 824 5863
F: +1 530 824 5769

www.severntrentservices.com

Below is a summary of the Monthly Operations Report that will be available for City review on June 2014

- 1) Filled out monthly reports.
- 2) Performed weekly Operator 10 maintenance on all plant equipment.
- 3) Changed flow disk.
- 4) Cleaned EQ basin and informed Public Works of repairs needed to asphalt
- 5) Calibrated SO3 analyzer
- 6) Staff meeting to discuss plant operations and issues.
- 7) Changed chart on So3 analyzer.
- 8) Safety meeting.
- 9) Held training on jet Trailer operations
- 10) Inspected eyewash and emergency showers.
- 11) Repaired wash water line at south clarifier
- 12) Cleaned So2 pump.
- 13) Checked storm water discharge sites at WWTP and airport.
- 14) Calibrated SO3 analyzer
- 15) Tested all chlorine and So2 leak sensors

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JUN 03 2014
CITY OF CORNING

- 16) Cleaned probe at lift station.
- 17) Tested alarms with Fire Dept.
- 18) Exercised lift station stand –by pump
- 19) Collected sample and ran Colilert test on eye wash station.
- 20) Exercised emergency generator.
- 21) Sprayed weeds
- 22) Performed monthly Plant inspection
- 23) Checked all fire extinguishers.
- 24) Cleaned drying beds
- 25) Completed SSO no spill report.
- 26) Picked up fish for bioassay test
- 27) Collected monthly river samples.
- 28) Installed new sink in restroom
- 29) Mowed lawns
- 30) Regional Board here for plant inspection
- 31) Mailed pretreatment compliance letters to business
- 32) Completed annual lab proficiency testing

May 2014
Domestic Flow Monthly Average = 716,806 GPD

**ITEM NO.: G-8
RESOLUTION NO. 06-10-2014-01, CALLING
FOR THE MUNICIPAL ELECTION AND
REQUESTING THAT IT BE CONSOLIDATED
WITH THE NOVEMBER 2014 STATEWIDE
GENERAL ELECTION**

June 10, 2014

**TO: HONORABLE MAYOR AND COUNCILMEMBERS
OF THE CITY OF CORNING**

**FROM: JOHN L. BREWER, AICP, CITY MANAGER
LISA M. LINNET, CITY CLERK**

JL

LML

BACKGROUND

Every two years Cities hold their election for new officers. In 1985, the Corning City Council adopted Ordinance No. 428 consolidating our elections with the statewide General Election, which is held on the first Tuesday after the first Monday in November on even numbered years. Each election year the Council adopts a Resolution calling the date of the election, which this year will be on November 4, 2014, and requesting that it be consolidated with the County's General Election.

The Resolution also requests that the Tehama County Board of Supervisors authorize and permit the County Elections Department to provide services to the City in the conduct of the Election acknowledging that the City agrees to pay for said services.

RECOMMENDATION:

MAYOR AND COUNCIL ADOPT RESOLUTION NO. 06-10-2014-01, CALLING FOR THE MUNICIPAL ELECTION AND REQUESTING THAT IT BE CONSOLIDATED WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON NOVEMBER 4, 2014.

RESOLUTION NO.: 06-10-2014-01

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORNING,
CALLING FOR THE MUNICIPAL ELECTION
AND
REQUESTING THAT IT BE CONSOLIDATED WITH
THE NOVEMBER 2014 STATEWIDE GENERAL ELECTION
ON NOVEMBER 4, 2014**

WHEREAS, the City of Corning adopted Ordinance No. 428 on February 13, 1985, consolidating it's elections with the statewide General Election which is held on the first Tuesday after the first Monday in November on even numbered years; and

WHEREAS, pursuant to Elections Code Section 10002, the governing body of any City or District may by Resolution, request the Board of Supervisors of the County to permit the County Elections Official to render specified services to the City or District relating to the conduct of an Election; and

WHEREAS, the Resolution of the governing body of the City or District shall specify the services requested; and

WHEREAS, pursuant to Elections Code Section 10002, the City or District shall reimburse the County in full for the services performed upon presentation of a bill to the City or District; and

WHEREAS, pursuant to Elections Code Section 10400, whenever two or more elections, including bond elections, of any Legislative or Congressional District, Public District, City, County, or other political subdivision are called to be held on the same day, in the same territory, or in territory that is in part the same, they may be consolidated upon the order of the governing body or bodies or officer or officers calling the elections; and

WHEREAS, pursuant to Elections Code Section 10400, such election for Cities and Special Districts may be either completely or partially consolidated; and

WHEREAS, pursuant to Elections Code Section 10403, whenever an election called by a District, City or other political subdivision for the submission of any questions, proposition, or office to be filled is to be consolidated with a Statewide Election, and the question, proposition, or office to be filled is to appear upon the same ballot as that provided for that Statewide Election, the District, City or other political subdivision shall, at least 88 days prior to the date of the Election, file with the Board of Supervisors, and a copy with the Elections Official, a Resolution of its governing board requesting the consolidation, and setting forth the exact form of any question, proposition, or office to be voted upon at the Election, as it is to appear on the ballot. Upon such request, the Board of Supervisors may order the consolidation; and

WHEREAS, the Resolution requesting the consolidation shall be adopted and filed at the same time as the adoption of the Ordinance, Resolution, or order called the Election; and

WHEREAS, various District, County, State and other political subdivision elections may be or have been called to be held on November 4, 2014;

NOW, THEREFORE BE IT RESOLVED AND ORDERED THAT THE governing body of the **City of Corning** hereby orders an election be called and consolidated with any and all elections also called to be held on November 4, 2014 insofar as said elections are to be held in the same territory or in territory that is in part the same as the territory of the **County of Tehama** requests the Board of Supervisors of the County of Tehama to order such consolidation under Elections Code 10401 and 10403.

BE IT FURTHER RESOLVED AND ORDERED that said governing body, the **City of Corning**, hereby requests the Board of Supervisors to permit the Tehama County Elections Department to provide any and all services necessary for conducting the election and agrees to pay for said services, and

BE IT FURTHER RESOLVED AND ORDERED that the Tehama County Elections Department conduct the election for the following offices on the November 4, 2014 Ballot:

SEATS OPEN	OFFICE	TERM
Two	City Council Member	4 Years (Full Term)
One	Mayor	2 Years (Full Term)

The foregoing Resolution was adopted at a regular meeting of the City Council of the City of Corning held on June 10, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Gary R. Strack, Mayor

ATTEST:

Lisa M. Linnet, City Clerk

I, **Lisa M. Linnet**, City Clerk of the City of Corning, California, DO HEREBY CERTIFY that the foregoing Resolution was duly introduced, approved and adopted by the City Council of the City of Corning at a regular meeting of said Council held on the **10th** day of **June, 2014** by the votes listed above.

Lisa M. Linnet, City Clerk

**ITEM NO.: G-9
DESIGNATION OF LEAGUE OF
CALIFORNIA CITIES VOTING
DELEGATE AND ALTERNATE**

June 10, 2014

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

**FROM: JOHN L. BREWER, AICP, CITY MANAGER
LISA M. LINNET, CITY CLERK** *hml*

BACKGROUND:

Prior to the League of California Cities Annual Conference, the City Council always designates its voting delegate and alternate to represent the City at the League of Cities General Assembly. The League By-Laws require that the voting delegate be officially designated by the City Council.

Though we have not budgeted funds for attendance at this year's conference, the City should still appoint a delegate and alternate to act on behalf of the City in relation to League of California Cities business.

Council might consider appointing the Mayor with the alternate being the City Manager. These appointees would act only upon direction via vote or consensus of the Council.

RECOMMENDATION:

**MAYOR AND COUNCIL APPOINT ITS LEAGUE OF CALIFORNIA CITIES
DELEGATE AND ALTERNATE.**

Council Action Advised by July 31, 2014

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MAY - 7 2014

CORNING CITY CLERK

May 1, 2014

TO: Mayors, City Managers and City Clerks

**RE: DESIGNATION OF VOTING DELEGATES AND ALTERNATES
League of California Cities Annual Conference – September 3 - 5, Los Angeles**

The League's 2014 Annual Conference is scheduled for September 3 - 5 in Los Angeles. An important part of the Annual Conference is the Annual Business Meeting (*at the General Assembly*), scheduled for noon on Friday, September 5, at the Los Angeles Convention Center. At this meeting, the League membership considers and takes action on resolutions that establish League policy.

In order to vote at the Annual Business Meeting, your city council must designate a voting delegate. Your city may also appoint up to two alternate voting delegates, one of whom may vote in the event that the designated voting delegate is unable to serve in that capacity.

Please complete the attached Voting Delegate form and return it to the League's office no later than Friday, August 15, 2014. This will allow us time to establish voting delegate/alternate records prior to the conference.

Please note the following procedures that are intended to ensure the integrity of the voting process at the Annual Business Meeting.

- **Action by Council Required.** Consistent with League bylaws, a city's voting delegate and up to two alternates must be designated by the city council. When completing the attached Voting Delegate form, please attach either a copy of the council resolution that reflects the council action taken, or have your city clerk or mayor sign the form affirming that the names provided are those selected by the city council. Please note that designating the voting delegate and alternates must be done by city council action and cannot be accomplished by individual action of the mayor or city manager alone.
- **Conference Registration Required.** The voting delegate and alternates must be registered to attend the conference. They need not register for the entire conference; they may register for Friday only. To register for the conference, please go to our website: www.cacities.org. In order to cast a vote, at least one voter must be present at the

-over-

Annual Conference Voting Procedures 2014 Annual Conference

1. **One City One Vote.** Each member city has a right to cast one vote on matters pertaining to League policy.
2. **Designating a City Voting Representative.** Prior to the Annual Conference, each city council may designate a voting delegate and up to two alternates; these individuals are identified on the Voting Delegate Form provided to the League Credentials Committee.
3. **Registering with the Credentials Committee.** The voting delegate, or alternates, may pick up the city's voting card at the Voting Delegate Desk in the conference registration area. Voting delegates and alternates must sign in at the Voting Delegate Desk. Here they will receive a special sticker on their name badge and thus be admitted to the voting area at the Business Meeting.
4. **Signing Initiated Resolution Petitions.** Only those individuals who are voting delegates (or alternates), and who have picked up their city's voting card by providing a signature to the Credentials Committee at the Voting Delegate Desk, may sign petitions to initiate a resolution.
5. **Voting.** To cast the city's vote, a city official must have in his or her possession the city's voting card and be registered with the Credentials Committee. The voting card may be transferred freely between the voting delegate and alternates, but may not be transferred to another city official who is neither a voting delegate or alternate.
6. **Voting Area at Business Meeting.** At the Business Meeting, individuals with a voting card will sit in a designated area. Admission will be limited to those individuals with a special sticker on their name badge identifying them as a voting delegate or alternate.
7. **Resolving Disputes.** In case of dispute, the Credentials Committee will determine the validity of signatures on petitioned resolutions and the right of a city official to vote at the Business Meeting.



CITY: _____

2014 ANNUAL CONFERENCE
VOTING DELEGATE/ALTERNATE FORM

Please complete this form and return it to the League office by Friday, August 15, 2014. Forms not sent by this deadline may be submitted to the Voting Delegate Desk located in the Annual Conference Registration Area. Your city council may designate one voting delegate and up to two alternates.

In order to vote at the Annual Business Meeting (General Assembly), voting delegates and alternates must be designated by your city council. Please attach the council resolution as proof of designation. As an alternative, the Mayor or City Clerk may sign this form, affirming that the designation reflects the action taken by the council.

Please note: Voting delegates and alternates will be seated in a separate area at the Annual Business Meeting. Admission to this designated area will be limited to individuals (voting delegates and alternates) who are identified with a special sticker on their conference badge. This sticker can be obtained only at the Voting Delegate Desk.

1. VOTING DELEGATE

Name: _____

Title: _____

2. VOTING DELEGATE - ALTERNATE

Name: _____

Title: _____

3. VOTING DELEGATE - ALTERNATE

Name: _____

Title: _____

PLEASE ATTACH COUNCIL RESOLUTION DESIGNATING VOTING DELEGATE AND ALTERNATES.

OR

ATTEST: I affirm that the information provided reflects action by the city council to designate the voting delegate and alternate(s).

Name: _____ E-mail _____

Mayor or City Clerk _____ Phone: _____
(circle one) (signature)

Date: _____

Please complete and return by Friday, August 15, 2014

League of California Cities
ATTN: Karen Durham
1400 K Street, 4th Floor
Sacramento, CA 95814

FAX: (916) 658-8220
E-mail: kdurham@cacities.org
(916) 658-8262

ITEM NO: J-10

**EXTEND CONTRACT FOR ONE YEAR
WITH JOHN STOUFER, DBA JBS
PLANNING CONSULTANT SERVICES.**

JUNE 10, 2014

**TO: HONORABLE MAYOR AND COUNCIL MEMBERS
OF THE CITY OF CORNING, CALIFORNIA**

**FROM: JOHN BREWER, AICP, CITY MANAGER
MIKE FITZPATRICK, CITY ATTORNEY**



SUMMARY:

Staff recommends the City Council approve a contract extension with John Stoufer, (dba JBS Planning Consultant Services) for Part-time Planning Consultant Services for another year, through the next fiscal year (FY 2014-2015). If approved, John would continue to serve on the current 20 hours/week schedule through June 30, 2015.

Because he retired as the City's Planning Director in 2012, John is considered a "retired annuitant". On June 11, 2013 the City Council approved Resolution 06-11-2013-01. Through the adoption of findings, the resolution addressed legal requirements that are necessary to utilize a "retired annuitant" as a consultant. The resolution addressed a two year term, through June 30, 2015, so adopting another resolution is not necessary at this time.

BACKGROUND:

The City of Corning currently has planning services provided to it on a contractual basis by John Stoufer who was initially hired as the City's Planning Director in 2008. Mr. Stoufer retired from employment with the City in 2012. He is now an independent contractor who has provided and continues to provide services to other clients in addition to the City of Corning. At the present time, Mr. Stoufer spends time in City Hall each week and attends Planning Commission and Council meetings when planning issues are on the agenda. He also provides planning services on a day to day basis, as needed, from other locations.

When the former City Manager and Police Chief retired, they continued to provide services to the City as "employees" of the City for a limited period of time but were unable to continue beyond one year due to the time constraints imposed by law on retired annuitants who continue working as "employees" of their former employers. Although the Planning Director was for several years an "employee" of the City of Corning, he has now been an "independent contractor" doing business as JBS Planning Consultant Services since July 1, 2012, providing planning services for other clients (including the City of Tehama) as well.

Effective January 1, 2013, the California Public Pension Reform Act of 2013 (PEPRA) (AB 340 and AB 197) made significant changes to pension laws for public employees. One section of the new law, Government Code section 7522.56, addresses post-retirement employment by public employees and, in part, provides that "A retired person shall not serve, be employed by, or be employed through a contract directly by, a public employer in the same retirement system from which the retiree receives the benefit without reinstatement from retirement, except as permitted by this section." One of the stated exceptions is that a retired annuitant "may serve...because the retired person has skills needed to perform work of limited duration."

In the Guide to Cal PERS Employment after Retirement, it states, "You can be hired as an "independent contractor" or "consultant" for a CalPERS employer. However, if under common-law principles you will be an 'employee' of the CalPERS employer, your employment is subject to CalPERS restrictions."

In now requesting to extend his contract through the end of the 2014-15 fiscal year as originally planned, the Planning Consultant is not intending to modify anything other than the term of the present contract nor to convert it to an "employment" relationship with the City. He is still intending to continue working part-time on City of Corning tasks as identified above and to train a successor to assume his duties after June of 2015.

STAFF RECCOMENDATION:

That the City Council:

- **APPROVE THE ATTACHED AGREEMENT WITH JOHN STOUFER AS AN INDEPENDENT CONTRACTOR DBA JBS PLANNING CONSULTANT SERVICES THROUGH JUNE 30, 2015 AND AUTHORIZE THE CITY MANAGER TO SIGN THE AGREEMENT ON BEHALF OF THE CITY.**

**CITY OF CORNING
AGREEMENT FOR
PLANNING CONSULTANT SERVICES**

THIS AGREEMENT, made and entered into this **1st** day of **July, 2014**, is by and between the **City of Corning**, hereinafter referred to as "**CITY**" and **JOHN STOUFER**, an individual doing business as JBS Planning Consultant Services, hereinafter referred to as "**CONSULTANT**".

RECITALS

WHEREAS, CITY desires to temporarily use the professional services of a qualified planning consultant to perform various land use planning duties and responsibilities for the City of Corning; and

WHEREAS, CITY, knowing that **CONSULTANT** is qualified and experienced and has specialized skills to perform certain planning services critically needed by the **CITY**, now wants to extend the contract with **CONSULTANT**, and **CONSULTANT** is ready, willing and able to perform such services for the **CITY** as its projects are presented to him;

NOW THEREFORE, in consideration of the mutual promises, covenants, and conditions set forth herein the parties agree as follows:

SERVICES:

CONSULTANT will provide to the **CITY** all necessary professional services to perform the duties and responsibilities of a land use planner on projects provided to him and to do so to the satisfaction of the **CITY**, as set forth below. Such services shall include, but not be limited to the following:

- Consult with City Staff on a regular basis to keep apprised of the **CITY**'s need to have various types of land use planning services performed on a timely basis.
- Review materials and prepare agenda reports to be used by Staff, or by Consultant when requested, in making presentations and recommendations to the **CITY**'s Planning Commission and City Council.
- Assist Staff and Management in the various functions of the **City**'s land use planning system, including but not limited to, working with Developers and others who come to the **CITY** to request information on land use planning issues and to seek discretionary approvals of Subdivision Maps, Use Permits, Variances and other such matters.
- Assist the **CITY** in completing the environmental reviews and materials legally required for various kinds of projects.
- Work with the General Plan Update Taskforce and assist in completing the 2014-2034 City of Corning General Plan Update.
- Assist with construction administration for the construction of Phase 2 of the Corning Community Park.

- Assist in the preparation of a 5 year Housing Element update as mandated by State law.

CONSULTANT will not perform managerial activities or participate directly in the decision making process. CITY will not direct or supervise the daily work of CONSULTANT in regard to any projects he is working on but will expect the end product to be completed to CITY's satisfaction.

CITY MANAGER will:

- Assume responsibility for CITY's records related to projects provided to CONSULTANT
- Be the contact person in CITY for CONSULTANT with regard to projects provided to CONSULTANT to work on
- Not request services that, in the opinion of the City Manager or CONSULTANT would impair CONSULTANT's independence.

WORK DAYS AND HOURS:

CONSULTANT will work for CITY on days and hours of his choosing as dictated by the need to accomplish the tasks provided to him and such work will be performed at various locations in City Hall and in CONSULTANT's private residence or at other locations of CONSULTANT's choosing.

COMPENSATION:

CITY, for and in consideration of the promises, covenants, conditions and stipulations of CONSULTANT set forth herein, hereby agrees to provide, as total compensation to CONSULTANT, the following:

- CONSULTANT will provide the foregoing services at an hourly rate of \$40.00 per hour and will submit monthly invoices to the CITY which will be paid within thirty (30) days of submittal; and
- Reimbursement shall be made for all reasonable out of pocket expenses, such as long distance phone charges and the cost of any stationary or other such materials provided by CONSULTANT.

TERM:

This agreement shall be on a temporary basis for a one year term beginning July 1, 2014 and ending on June 30, 2015 unless either party provides the other with earlier notice of termination. Either party may terminate the agreement by providing the other party not less than thirty (30) calendar days written notice of termination. The termination shall become effective upon the 30th or later designated day following delivery of written notice thereof. CONSULTANT shall be compensated for all services performed to the effective date of termination.

CONSULTANT AS INDEPENDENT CONTRACTOR:

It is understood that CONSULTANT is an independent contractor. CONTRACTOR maintains an office separate from the CITY and is entitled to perform planning services for other clients in addition to CITY. CITY does not specify how CONSULTANT is to work but does approve or disapprove the final work product requested of CONSULTANT.

MUTUAL INDEMNITY PROVISIONS:

During the term of this Agreement, the CITY shall indemnify, defend, and hold PLANNING CONSULTANT harmless for those acts, including acts that may result in damages to another, arising during the course and within the scope of his services provided to CITY. CITY's obligations hereunder shall not extend to willful acts intended to cause harm to another nor to injuries of damages arising out of the gross negligence of PLANNING CONSULTANT. With regard to any such acts or negligence, PLANNING CONSULTANT shall indemnify, defend and hold CITY harmless with respect thereto.

ENTIRE AGREEMENT; MODIFICATION:

This Agreement, and the attached "Exhibit A to Contract Special Requirements" embodies the whole Agreement between the parties hereto and there are no inducements, promises, terms, conditions or obligations made or entered into by CITY or CONSULTANT other than those contained herein. No modification, alterations, or variation in the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.

Any notices required to be given, pursuant to this Agreement shall be deemed to have been given by their deposit, postage prepaid, in the United States Postal Service, addressed to the parties as follows:

To City: John Brewer, City Manager
City of Corning
794 Third Street
Corning, CA 96021

To Consultant: John Stoufer
dba as JBS Planning Consultant Services
P.O. Box 607
Red Bluff, CA 96080

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CITY OF CORNING

PLANNING CONSULTANT

JOHN L. BREWER, City Manager

JOHN STOUFER, Consultant

Approved as to form and content:

Jody Burgess, City Attorney

Attest:

Lisa M. Linnet, City Clerk

EXHIBIT A – SPECIAL REQUIREMENTS

The following Special Requirements shall apply not only to the City of Corning as the “Grantee” of funds but also to all sub-recipients or sub-grantees of such funds, or any portion thereof, and to all contractors, subcontractors and others providing goods or services of any kind under any contract to which this Exhibit A is attached.

In connection therewith, the term “grantee” as used herein shall include not only the City of Corning but all such sub-recipients, sub-grantees, contractors and sub-contractors.

EQUAL OPPORTUNITY:

All CDBG grantees and others entering into the contract to which this Exhibit A is attached must provide equal opportunities in the areas of (a) housing programs and projects (b) contracts for services and construction; (c) provision of public services, public facilities, and local improvements; (d) CDBG-related employment. Regulations regarding physical accessibility for person with disabilities (Section 504 and ADA) and hiring low-income persons and businesses (Section 3) require specific actions when triggered by certain programs and projects. Certain minimum requirements apply in each of these areas; it is required for all such grantees and others to fulfill the responsibilities agreed upon in this contract and in the application's assurances.

A. The Civil Rights, HCD, and Age Discrimination Acts Assurances:

During the performance of this Agreement, the Grantee assures that no otherwise qualified person shall be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, or disability, under any program or activity funded by this contract, as required by Title VI of the Civil Rights Act of 1964, Title I of the Housing and Community Development Act of 1974, as amended, and the Age Discrimination Act of 1975, and all implementing regulations.

B. The Training, Employment, and Contracting Opportunities for Business and Lower Income Persons Assurance of Compliance:

1. The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given lower income residents of the project area and contracts for Work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the area of the project.
2. The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued there under prior to the execution of this contract. The parties to this contract certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
3. The Grantee will send to each labor organization or representative of workers with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advertising the said labor organization or worker's representative of his commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

EXHIBIT A – SPECIAL REQUIREMENTS

4. The Grantee will include these Section 3 clauses in every contract and subcontract for work in connection with the project and will, at the direction of the State, take appropriate action pursuant to the contract upon a finding that the Grantee or any contractor or subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR Part 135 and, will not let any contract unless the Grantee or contractor or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
5. Compliance with the provisions of Section 3, the regulations set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued there under prior to the execution of the Agreement shall be a condition of the Federal financial assistance provided to the project, binding upon the Grantee, its successors, and assigns. Failure to fulfill these requirements shall subject the Grantee, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the grant or contract through which Federal assistance is provided, and to such sanctions as are specified by 24 CFR Part 135.

C. State Nondiscrimination Clause:

During the performance of this contract, contractor and its subcontractors shall not unlawfully discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical disability, medical condition, marital status, age (over 40) or sex. Contractors and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination. Contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7258.0 et seq.) The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this contract by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

In entering into this agreement, the person or company contracting with the City of Corning hereby agrees as follows:

“The Contractor hereby agrees to abide by the requirement of executive order 11246 and all implementing regulations of the Department of Labor.”

Anti-Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and no more than \$100,000 for such failure.

"The undersigned certifies, to the best of his or her knowledge or belief, that:

- A. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

EXHIBIT A – SPECIAL REQUIREMENTS

- B.** If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions."

Bonus or Commission, Prohibition against Payments of

The assistance provided under this Agreement shall not be used in the payment of any bonus or commission for the purpose of:

- A. Obtaining the Department's approval of the Application for such assistance; or,
- B. The Department's approval of the Applications for additional assistance; or,
- C. Any other approval or concurrence of the Department required under this Agreement, Title I of the Housing and Community Development Act of 1974, or the State regulations with respect thereto; provided, however, that reasonable fees for bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

Citizen Participation

The Grantee is subject to the requirements concerning citizen participation contained in Federal Regulations at 24 CFR, Part 570.486, Local Government Requirements, Part 91.105 and 91.115.

Clean Air and Water Acts

This Agreement is subject to the requirements of the Clean Air Act, as amended, 42 USC 1857 et seq., the Federal Water Pollution Control Act, as amended, 33 USC 1251 et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 CFR, Part 15, as amended from time to time.

Conflict of Interest of Certain Federal Officials

No member of or delegate to the Congress of the United States, and no resident commissioner, shall be admitted to any share or part of this Agreement or to any benefit to arise from the same.

Environmental Requirements (24 CFR 570.604)

The parties to this agreement acknowledge that:

The City of Corning is required to comply with the provisions of the National Environmental Policy Act (NEPA) by following the procedures contained in 24 CFR, Part 58. The City may not undertake any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives under 24 CFR, Part 58.22 until HUD or the Department has issued an environmental clearance.

In its use of CDBG funds, the City of Corning is required to assume responsibility for environmental review, decision making, and other actions that would otherwise apply to HUD under the National Environmental Policy Act of 1969 and other related provisions of law. The CDBG regulations explicitly prohibit sub-recipients from assuming the grantee's environmental responsibilities (see 24 CFR 570.503(b)(5)(i)). Under the applicable regulations for any project receiving CDBG assistance, no party involved with the project, including sub-recipients, may

EXHIBIT A – SPECIAL REQUIREMENTS

commit funds to the project, including incurring project costs, until the City has completed the appropriate environmental review and public notification process, and HUD approves a certification of compliance with environmental laws and request for release of funds from environmental conditions. Activities not subject to this restriction are those the regulations define as exempt from environmental review. However, before any party involved with the project can incur costs, even for activities that are exempt, the grantee must first make a formal determination that the activity(ies) is exempt. (The list of activities that are exempt from environmental review are found in 24 CFR part 58.34 and 58.35(b).)

Historic Preservation

Sub-recipients must be careful not to violate provisions of the Historic Preservation Act and related laws and Executive Orders. Before commitments are made to make any physical improvements or alterations or to demolish any building, a sub-recipient should receive assurances from the grantee that the grantee is in compliance with the Act.

Part of the City's responsibility requires it to consult with the State Historic Preservation Officer as to whether the property: (1) is or could be declared a historic property; (2) is located in a historic district or an area which could be declared a historic district; and (3) involves proposed changes that could adversely affect historic properties or neighborhoods or properties or neighborhoods which could be declared historic.

If historic properties could be adversely affected, an agreement must be reached on appropriate mitigating measures with all parties identified in 36 CFR Part 800.

National Flood Insurance Program (24 CFR 570.605)

If a community has had notice for more than a year that an area has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, CDBG funds cannot be spent for acquisition or construction purposes in the area unless the community is participating in the National Flood Insurance Program and such insurance has been purchased for the properties in question. *Be aware that there is a statutory prohibition against providing Federal assistance to a person who had previously received Federal flood disaster assistance conditioned on obtaining and maintaining flood insurance and the person failed to obtain and maintain such insurance. (24 CFR 58.6(b)).*

Flood Disaster Protection

A. This Agreement is subject to the requirements of the Flood Disaster Protection Act (FDPA) of 1973 (Public Law 93-234). No portion of the assistance provided under this Agreement is approved for acquisition or construction purposes as defined under FDPA, Section 3 (a) of said Act, for use in an area identified by the Secretary of HUD as having special flood hazards which is located in a community not then in compliance with the requirements for participation in the national flood insurance program pursuant to FDPA, Section 102(d) of said Act.

B. The use of any assistance provided under this Agreement for such acquisition or construction in such identified areas in communities then participating in the national flood insurance program shall be subject to the mandatory purchase of flood insurance requirements of FDPA, Section 102(a) of said Act.

C. Any contract or agreement for the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement shall contain certain provisions. These provisions will apply if such land is located in an area identified by the Secretary of HUD as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001 et seq.

EXHIBIT A – SPECIAL REQUIREMENTS

D. These provisions shall obligate the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under FDPA, Section 102(s) of the Flood Disaster Protection Act of 1973. Such provisions shall be required notwithstanding the fact that the construction on such land is not itself funded with assistance provided under this Agreement.

Federal Labor Standards Provisions

The persons or companies which are parties to the contract to which this Exhibit A is attached agree to fully comply with the following requirements:

A. Davis-Bacon Act (40 U.S.C. 3141-3148) requires that workers receive no less than the prevailing wages being paid for similar work in their locality. Prevailing wages are computed by the Federal Department of Labor and are issued in the form of federal wage decisions for each classification of work. The law applies to most construction, alteration, or repair contracts over \$2,000.

B. "Anti-Kickback Act of 1986" (41 U.S.C. 51-58) prohibits any person from (1) providing, attempting to provide, or offering to provide any kickback; (2) soliciting, accepting, or attempting to accept any kickback; or (3) including directly or indirectly, the amount of any kickback prohibited by clause (1) or (2) in the contract price charged by a subcontractor to a prime contractor or a higher tier subcontractor or in the contract price charged by a prime contractor to the United States. The Copeland "Anti-kickback" Law (18 U.S.C. 874) applies to all construction/repair contracts and subgrants).

C. Contract Work Hours and Safety Standards Act - CWHSSA (40 U.S.C. 3702) requires that workers receive "overtime" compensation at a rate of one to one-half (1-1/2) times their regular hourly wage after they have worked forty (40) hours in one week.

D. Title 29, Code of Federal Regulations CFR, Subtitle A, Parts 1, 3 and 5) are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.

The Grantee shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the Department for review upon request.

Inspections of Grant Activity

A. The City of Corning reserves the right to inspect any grant activity(ies) performed hereunder to verify that the grant activity(ies) is being and has been performed in accordance with the applicable Federal, State and/or local requirements and this Agreement.

B. The City shall inspect any grant activity performed by contractors and sub-recipients hereunder to ensure that the grant activity(ies) is being and has been performed in accordance with the applicable Federal, State and/or local requirements and this Agreement.

C. The City will require that all grant activity(ies) found by such inspections not to conform to the applicable requirements be corrected, and will withhold payment to its contractor or subcontractor, respectively, until it is so corrected.

EXHIBIT A – SPECIAL REQUIREMENTS

Monitoring Requirements

The City of Corning will perform a program and/or fiscal monitoring of the grant activity(ies). The person or company subject to this Agreement shall resolve any monitoring findings to the City's satisfaction by the deadlines set by the City.

The City shall determine the areas to be monitored, the number of monitoring meetings, and their frequency. The monitoring will address program compliance with contract provisions, including national objectives, financial management, the requirements of 24 CFR, Part 85 relating to procurement, and all applicable federal overlay requirements.

Patent and Copyright Rules

Although the City of Corning reserves no patent or copyright entitlements, the parties to the Agreement to which this Exhibit A is attached acknowledge their awareness of the following information.

For governmental sub-recipients (24 CFR 85.34) and for non-profit sub-recipients (84.36):

The Federal Government reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use, for Federal Government purposes:

The copyright to any work developed with CDBG funds.

Any rights of copyright which a sub-recipient or a contractor purchases with CDBG support.

Reporting Requirements

- As part of all periodic drawdown requests, sub-recipients, contractors and subcontractors subject to this Agreement shall provide information on the financial status of its operations, which shall include (for each activity) the amount of:
 - Funds budgeted.
 - Funds received in drawdowns to date.
 - Funds obligated in most recent period and to date.
 - Funds expended in most recent period and to date.
 - Cash on hand (including program income identified as such).
 - Previous drawdowns requested but not yet received.

Regular progress reports are required from sub-recipients, contractors and subcontractors. These reports will be required quarterly and will disclose actual project accomplishments, obligations, and spending patterns against planned operations and accomplishments as specified in the project schedule and budget portions of this Agreement.

- In addition, the City of Corning will require information from the sub-recipients, contractors and subcontractors in connection with the City's input to IDIS and for preparation of its CAPER, which it must submit to HUD. In IDIS and in its CAPER, the City must provide the following information on each CDBG activity funded:
 - The activity's name, matrix code, description, and location.

EXHIBIT A – SPECIAL REQUIREMENTS

- The National Objective being met.
- The amount expended during the program year.
- The total cost of each multi-unit housing and 570.203(b) economic development activity.

Worker's Compensation Insurance Requirements

Worker's Compensation Insurance, as required by the State of California, shall be provided as necessary in connection with the performance of any agreement with the City of Corning.

Audit/Retention and Inspection of Records

A. The sub-recipient, contractor or subcontractor must have intact, auditable fiscal records at all times. If there are missing audit reports during the term of this Agreement, the sub-recipient, contractor or subcontractor will be required to submit a plan to the City of Corning, with task deadlines, for submitting the audit. If the deadlines are not met, the sub-recipient, contractor or subcontractor will be subject to termination of this Agreement and disencumbrance of the funds awarded.

B. The sub-recipient, contractor or subcontractor agrees that the City of Corning or its designee will have the right to review, obtain, and copy all records pertaining to performance of this Agreement. It is further agreed that the City or its designee will be provided with any relevant information requested and the City or its designee shall be permitted access to the premises of the sub-recipient, contractor or subcontractor upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with California Public Contract Code (PCC) Section 10115 et. seq., Government Code (GC) Section 8546.7 and 2 CCR 1896.60 et seq. The sub-recipient, contractor or subcontractor further agrees to maintain such records for a period of five (5) years after final payment under this Agreement. The Grantee shall comply with the caveats and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in PCC 10115.10.

Sub-grantee and Contractor Certifications and Assurances

.....

Certification and Assurance: The sub-grantee or contractor executing this certification hereby assures and certifies that it will comply with all of the applicable requirements of the following, as the same may be amended from time to time, including adding appropriate provisions to all contracts between the City of Corning and Sub-grantees or Contractors:

- (1) Compliance with Community Development Block Grant regulations found at 24 CFR 570.1 – 570.913 and Appendices
- (2) Compliance with applicable OMB Circulars, including A-133 and A-87 as required
- (3) Compliance with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR Chapter 60). (All construction contracts awarded in excess of \$10,000 by grantees and their contractors or subgrantees)

EXHIBIT A – SPECIAL REQUIREMENTS

- (4) Compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR part 3). (All contracts and subgrants for construction or repair)
- (5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)
- (6) Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts awarded by grantees and subgrantees in excess of \$2000, and in excess of \$2500 for other contracts which involve the employment of mechanics or laborers)
- (7) Notice of awarding agency requirements and regulations pertaining to reporting.
- (8) Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.
- (9) Awarding agency requirements and regulations pertaining to copyrights and rights in data.
- (10) Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.
- (11) Retention of all required records for five years after grantees or subgrantees make final payments and all other pending matters are closed.
- (12) Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). (Contracts, subcontracts, and subgrants of amounts in excess of \$100,000).

The information contained in this certification is true and accurate, to the best of my knowledge.

Name of Subgrantee or Contractor:	Name and Contract Number:	
Signature of Authorized Certifying Official:	Title:	Date:

WARNING: Section 1001 of the Title 18 of the United States Code (Criminal Code and Criminal Procedure, 72 Stat.967) applies to this certification. 18 U.S.C. 1001, among other things, provides that whoever knowingly and willfully makes or uses a document or writing knowing the same to contain any false, fictitious or fraudulent statement or entry, in any matter within jurisdiction of any department or agency of the United States, shall be fined no more than \$10,000 or imprisoned for not more than five years, or both.

**ITEM NO.: J-11
AUTHORIZE MAYOR TO SIGN FINAL
LOAN DOCUMENTS WITH 3CORE,
INC. FOR RODGERS THEATER
REHABILITATION**

JUNE 10, 2014

TO: MAYOR AND CITYCOUNCILMEMBERS, CORNING CALIFORNIA

**FROM: JOHN L. BREWER, AICP; CITY MANAGER 
PATRICK WALKER, PUBLIC WORKS DIRECTOR **

SUMMARY:

Staff recommends the City Council authorize the Mayor or City Manager to sign the attached Promissory Note and Loan Documents (Corporate resolution to Borrow and Business Loan Agreement) to secure the \$75,000 Revolving Loan with 3-Core, Inc.

If approved, the loan will be used to pay to install a new concrete floor in the theater so that we might reopen the facility to public use. Reopening should satisfy the State Department of Parks and Recreation's "completion" definition and then free up \$44,000 that they've previously retained. So, in that manner, the loan would serve as "Gap financing".

BACKGROUND:

To avoid repeating in this staff report, please see the copy of the Staff Report presented on April 8, 2014 for a detailed background regarding this matter. The copy is attached behind the loan documents.

3 Core provided a Promissory Note and other loan related documents. City Attorneys Jody Burgess and Mike Fitzpatrick have recommended certain revisions to the loan documents that are based on a template for business-type loans, instead of for municipal use. You will note some paragraphs have been stricken from the documents.

In an email dated June 3, 2014 to the City Manager, Assistant City Attorney Mike Fitzpatrick indicated his satisfaction with the Promissory Note and Loan documents.

LOAN ORIGATION FEE AND REPAYMENT PLAN:

The terms of the loan are summarized on the document titled "Loan request Summary". The short term loan is for a period two years. There is an initial "Loan Origination" fee of \$1,605.00 that we need to pay upon closing. The City can utilize Recreation related Development Impact Fee funds for that purpose or take advantage of a prior verbal offer from the Corning Community Foundation (Councilmember Tony Cardenas) to pay the loan origination fees.

Once the loan documents are signed and the Loan Origination fees paid, the City can request up to two monthly "draws" on the loan amount. Once that occurs we will have monthly "interest only" payments on the amount we have "drawn". The interest rate is 3% per year. We'll need to pay off the entire amount drawn or "borrowed" at the end of the two-year term (July 2016).

The City is obligated to make monthly interest only payments based on the amount we've borrowed. Staff recommends we utilize Recreation related Development Impact Fee funds for this short term debt.

PROJECT COMMENCEMENT:

The floor plans are being drafted. When complete we'll solicit bids and/or utilize volunteers, or a combination to complete the work.

We expect to have the floor complete and offer the Theater for some degree of public use before July 1, 2015. In that manner we will have met the State of California's "open" requirement and obtain the (\$44,000) funds retained as part of our Park Bond project. Those funds can then be utilized to pay back the debt incurred for the project.

STAFF RECOMMENDATION:

That the City Council:

- **AUTHORIZE THE MAYOR TO SIGN THE ATTACHED PROMISSORY NOTE AND LOAN DOCUMENTS WITH 3-CORE, INC. REGARDING THE PROPOSED \$75,000 LOAN FOR THEATER REHABILITATION, AND,**
- **AUTHORIZE PAYMENT OF THE LOAN ORIGINATION FEE TOTALLING \$1,605 FROM FUND 341 (PARK DEVELOPMENT FUND), OR,**
- **ACCEPT THE CONTRIBUTION \$1,605 FOR PAYMENT OF THE OF THE LOAN ORIGINATION FEE FROM CORNING COMMUNITY FOUNDATION.**

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No.	Call / Coll.	Account	Officer	Initials
\$75,000.00	06-10-2014	06-10-2016	08211-001033			PH	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: City of Corning, a municipal corporation formed and operated under the laws of the State of California
794 Third Street
Corning, CA 96021

Lender: 3CORE Inc., a California Non Profit Corporation
3120 Cohasset Road, Suite 1
Chico, CA 95973

Principal Amount: \$75,000.00

Interest Rate: 3.000%

Date of Note: June 10, 2014

PROMISE TO PAY. City of Corning, a municipal corporation formed and operated under the laws of the State of California ("Borrower") promises to pay to 3CORE Inc., a California Non Profit Corporation ("Lender"), or order, in lawful money of the United States of America, the principal amount of Seventy-five Thousand & 00/100 Dollars (\$75,000.00), together with interest on the unpaid principal balance from June 10, 2014, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 3.000%, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in full immediately upon Lender's demand. If no demand is made, Borrower will pay this loan in accordance with the following payment schedule:

This Note evidences a revolving line of credit. Advances under this Line may be requested in writing by Borrower as provided in the Business Loan Agreement.

Borrower shall make twenty-four (24) monthly Interest Only payments, plus a six dollar (\$6.00) servicing fee, commencing July 10, 2014, and continuing thereafter on the tenth (10) day of each successive month for twenty-three (23) months. Interest payments shall be calculated at a rate of 3% on the outstanding principal balance. Each such payment shall be applied first to a servicing fee of six dollars (\$6.00) per month agreed to be paid to lender, then to any applicable late charge, then to any applicable advance fees, then to any applicable collection cost, and then to interest.

The entire unpaid balance including interest and all other amounts accrued and unpaid under this Note shall be due and payable on the maturity date, if not sooner paid.

Unless otherwise agreed or required by applicable law, payments will be applied to any accrued unpaid interest.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 30/360 simple interest basis; that is, with the exception of odd days before the first full payment cycle, monthly interest is calculated by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by a month of 30 days. Interest for the odd days before the first full month is calculated on the basis of the actual days and a 360-day year. All interest payable under this Note is computed using this method.

RECEIPT OF PAYMENTS. All payments must be made in U.S. dollars and must be received by Lender at:

3CORE Inc., a California Non Profit Corporation
3120 Cohasset Road, Suite 1
Chico, CA 95973

All payments must be received by Lender consistent with any written payment instructions provided by Lender. If a payment is made consistent with Lender's payment instructions but received after 5:00 PM Pacific Time on a business day, Lender will credit Borrower's payment on the next business day.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: 3CORE, a California Non Profit Corporation, 3120 Cohasset Road, Suite 1 Chico, CA 95973.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, the total sum due under this Note will continue to accrue interest at the interest rate under this Note.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

~~Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate source of bond for the dispute.~~

**PROMISSORY NOTE
(Continued)**

Loan No: 08211-001033

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Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

~~**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.~~

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of California.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Tehama County, State of California.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$15.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

COLLATERAL. This loan is unsecured.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, ~~personal representatives,~~ successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: 3CORE, a California Non Profit Corporation, 3120 Cohasset Road, Suite 1 Chico, CA 95973.

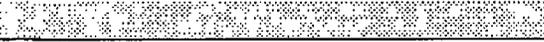
GENERAL PROVISIONS. This Note is payable on demand. The inclusion of specific default provisions or rights of Lender shall not preclude Lender's right to declare payment of this Note on its demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

CITY OF CORNING, A MUNICIPAL CORPORATION FORMED AND OPERATED UNDER THE LAWS OF THE STATE OF CALIFORNIA

By: 
Gary Strack, Mayor of City of Corning, a municipal corporation formed and operated under the laws of the State of California

CORPORATE RESOLUTION TO BORROW

Principal	Loan Date	Maturity	Loan No.	Call / Coll.	Account	Officer	Initials
\$75,000.00	06-10-2014	06-10-2016	08211-001033			PH	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Corporation: City of Corning, a municipal corporation formed and operated under the laws of the State of California
794 Third Street
Corning, CA 96021

Lender: 3CORE Inc., a California Non Profit Corporation
3120 Cohasset Road, Suite 1
Chico, CA 95973

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE CORPORATION'S EXISTENCE. The complete and correct name of the Corporation is City of Corning, a municipal corporation formed and operated under the laws of the State of California ("Corporation"). The Corporation is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California. ~~The Corporation is duly authorized to transact business in all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition.~~ The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at 794 Third Street, Corning, CA 96021. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of the Corporation's state of organization or any change in the Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and the Corporation's business activities.

RESOLUTIONS ADOPTED. At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on June 10, 2014, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICERS. The following named persons and entities are officers of City of Corning, a municipal corporation formed and operated under the laws of the State of California:

<u>NAMES</u>	<u>TITLES</u>	<u>AUTHORIZED</u>	<u>ACTUAL SIGNATURES</u>
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AGENT. The agent of the Corporation is:

<u>NAMES</u>	<u>TITLES</u>	<u>AUTHORIZED</u>	<u>ACTUAL SIGNATURES</u>
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Gary Strack	Mayor	Y	X	
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ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Corporation:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Corporation and Lender, such sum or sums of money as in their judgment should be borrowed; however, not exceeding at any one time the amount of **Seventy-five Thousand & 00/100 Dollars (\$75,000.00)**, in addition to such sum or sums of money as may be currently borrowed by the Corporation from Lender.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Corporation's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Corporation's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

~~**Execute Security Documents.** To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.~~

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Corporation or in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Corporation's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements as the officers may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: **None.**

NOTICES TO LENDER. The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Corporation's name; (B) change in the Corporation's assumed business name(s); (C) change in the management of the Corporation; (D) change in the authorized signer(s); (E) change in the Corporation's principal office address; (F) change in the Corporation's state of organization; (G) conversion of the Corporation to a new or different type of business entity; or (H) change in any other aspect of the Corporation that directly or indirectly relates to any agreements between the Corporation and Lender. No change in the Corporation's name or state of organization will take effect until after Lender has received notice.

**CORPORATE RESOLUTION TO BORROW
(Continued)**

Loan No: 08211-001033

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CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officers and agent named above are duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupy the positions set opposite their respective names. This Resolution now stands of record on the books of the Corporation, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand, affixed the seal of the Corporation and attest that the signatures set opposite the names listed above are their genuine signatures.

I have read all the provisions of this Resolution, and I personally and on behalf of the Corporation certify that all statements and representations made in this Resolution are true and correct. This Corporate Resolution to Borrow is dated June 10, 2014.

CERTIFIED TO AND ATTESTED BY:

CORPORATE

SEAL

X

Gary Strack, Mayor of City of Corning, a municipal corporation formed and operated under the laws of the State of California

NOTE: If the officers signing this Resolution are designated by the foregoing document as one of the officers authorized to act on the Corporation's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Corporation.

BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Officer	Initials
\$75,000.00	06-10-2014	06-10-2016	08211-001039			PH	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: City of Corning, a municipal corporation formed and operated under the laws of the State of California
794 Third Street
Corning, CA 96021

Lender: 3CORE Inc., a California Non Profit Corporation
3120 Cohasset Road, Suite 1
Chico, CA 95973

THIS BUSINESS LOAN AGREEMENT dated June 10, 2014, is made and executed between City of Corning, a municipal corporation formed and operated under the laws of the State of California ("Borrower") and 3CORE Inc., a California Non Profit Corporation ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of June 10, 2014, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until June 10, 2016.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a non-profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California. ~~Borrower is duly authorized to transact business in all other states in which~~ Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, ~~Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition.~~ Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 794 Third Street, Corning, CA 96021. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

~~**Hazardous Substances.** Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation,~~

**BUSINESS LOAN AGREEMENT
(Continued)**

Loan No: 08211-001033

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~~manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.~~

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

~~**Lien Priority.** Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.~~

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than thirty (30) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, reviewed by a certified public accountant satisfactory to Lender.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Fees, Charges and Expenses. In addition to all other agreed upon fees, charges, and expenses, pay the following: Each payment will include a \$6 servicing fee agreed to be paid to lender. Any requests to modify the original terms of the Loan, including but not limited to an event which would require the re-documenting of the Loan and/or subordination of existing liens, are subject to a 1% fee based upon the original principal amount of the Loan plus all escrow, recording, filing, legal and other fees incurred as a result of the transaction. At no time shall this fee be less than \$250.00. INITIALS: _____, _____

Loan Proceeds. Use all Loan proceeds solely for the following specific purposes: **Renovation for Rogers Theatre**

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's

**BUSINESS LOAN AGREEMENT
(Continued)**

Loan No: 08211-001033

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properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

~~**Environmental Studies.** Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings~~ may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, ~~and to the use or occupancy of the Collateral~~, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so ~~and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.~~

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Compliance Certificates. Unless waived in writing by Lender, provide Lender at least annually, with a certificate executed by Borrower's chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) pay any dividends on Borrower's stock (other than dividends payable in its stock), provided, however that notwithstanding the foregoing, but only so long as no Event of Default has occurred and is continuing or would result from the payment of dividends, if Borrower is a "Subchapter S Corporation" (as defined in the Internal Revenue Code of 1986, as amended), Borrower may pay cash dividends on its stock to its shareholders from time to time in amounts necessary to enable the shareholders to pay income taxes and make estimated income tax payments to satisfy their liabilities under federal and state law which arise solely from their status as Shareholders of a Subchapter S Corporation because of their ownership of shares of Borrower's stock, or purchase or retire any of Borrower's outstanding shares or alter or amend Borrower's capital structure.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

**BUSINESS LOAN AGREEMENT
(Continued)**

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CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

~~**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.~~

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

~~**Change in Ownership.** Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.~~

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

LINE OF CREDIT ADDENDUM - BUSINESS LOAN AGREEMENT. An exhibit, titled "Line of Credit Addendum - Business Loan Agreement," is attached to this Agreement and by this reference is made a part of this Agreement just as if all the provisions, terms and conditions of the Exhibit had been fully set forth in this Agreement.

CONFLICT OF INTEREST STATEMENT - BUSINESS LOAN AGREEMENT. An exhibit, titled "Conflict of Interest Statement - Business Loan Agreement," is attached to this Agreement and by this reference is made a part of this Agreement just as if all the provisions, terms and conditions of the Exhibit had been fully set forth in this Agreement.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later

**BUSINESS LOAN AGREEMENT
(Continued)**

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against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Tehama County, State of California.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means City of Corning, a municipal corporation formed and operated under the laws of the State of California and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

**BUSINESS LOAN AGREEMENT
(Continued)**

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Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means 3CORE Inc., a California Non Profit Corporation, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note dated June 10, 2014 and executed by City of Corning, a municipal corporation formed and operated under the laws of the State of California in the principal amount of \$75,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED JUNE 10, 2014.

BORROWER:

CITY OF CORNING, A MUNICIPAL CORPORATION FORMED AND OPERATED UNDER THE LAWS OF THE STATE OF CALIFORNIA

By: GARY STRACK
Gary Strack, Mayor of City of Corning, a municipal corporation formed and operated under the laws of the State of California

LENDER:

3CORE INC., A CALIFORNIA NON PROFIT CORPORATION

By: _____
Marc Nemanic, Executive Director

LINE OF CREDIT ADDENDUM - BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Office	Initials
\$75,000.00	06-10-2014	06-10-2016	08211-001033			PH	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: City of Corning, a municipal corporation formed and operated under the laws of the State of California
794 Thrd Street
Corning, CA 96021

Lender: 3CORE Inc., a California Non Profit Corporation
3120 Cohasset Road, Suite 1
Chico, CA 95973

This LINE OF CREDIT ADDENDUM - BUSINESS LOAN AGREEMENT is attached to and by this reference is made a part of the Business Loan Agreement, dated June 10, 2014, and executed in connection with a loan or other financial accommodations between 3CORE INC., A CALIFORNIA NON PROFIT CORPORATION and City of Corning, a municipal corporation formed and operated under the laws of the State of California.

INCORPORATION OF ADDENDA. Attached to this Agreement and incorporated herein by this reference just as if all of the provisions, terms and conditions had been fully set forth in this Agreement are the following:

Line of Credit Addendum. This Note evidences a revolving line of credit. Advances under this Line may be requested in writing by Borrower as provided in the Business Loan Agreement. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following parties are authorized as provided in this paragraph to request advances under the line of credit until Lender receives from Borrower at Lender's address shown above written notice of revocation of their authority: Gary Strack - Mayor OR John L. Brewer - City Manager. Advances must be in amounts of at least Twenty-five Thousand Dollars (\$25,000.00) or the amount of principal remaining, which ever is less. Borrower agrees to be liable for all sums advanced in accordance with the instructions of the authorized person(s). The unpaid principal balance owing on this Note at any one time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer printouts. Lender will have no obligation to advance funds under this Note if: (a) Borrower is in default under the terms of this Note or any agreement that Borrower has with Lender, including any agreement made in connection with the signing of this Note; (b) Borrower ceases doing business or becomes insolvent; (c) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (d) Lender in good faith deems itself insecure under this Note or any other agreement between Lender and Borrower.

2. Advance Limit. Number of draws not to exceed two (2) per calendar month.

3. Disbursement to be made based upon verification of completed work/costs as outlined in construction project

THIS LINE OF CREDIT ADDENDUM - BUSINESS LOAN AGREEMENT IS EXECUTED ON JUNE 10, 2014.

BORROWER:

CITY OF CORNING, A MUNICIPAL CORPORATION FORMED AND OPERATED UNDER THE LAWS OF THE STATE OF CALIFORNIA

By: _____
Gary Strack, Mayor of City of Corning, a municipal corporation formed and operated under the laws of the State of California

LENDER:

3CORE INC., A CALIFORNIA NON PROFIT CORPORATION

By: _____
Marc Nemanic, Executive Director

CONFLICT OF INTEREST STATEMENT - BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call Coll	Account	Officer	Initials
\$75,000.00	06-10-2014	06-10-2016	08211-001033			PH	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: City of Corning, a municipal corporation formed and operated under the laws of the State of California
794 Third Street
Corning, CA 96021

Lender: 3CORE Inc., a California Non Profit Corporation
3120 Cohasset Road, Suite 1
Chico, CA 95973

This CONFLICT OF INTEREST STATEMENT - BUSINESS LOAN AGREEMENT is attached to and by this reference is made a part of the Business Loan Agreement, dated June 10, 2014, and executed in connection with a loan or other financial accommodations between 3CORE INC., A CALIFORNIA NON PROFIT CORPORATION and City of Corning, a municipal corporation formed and operated under the laws of the State of California.

INCORPORATION OF ADDENDA. Attached to this Agreement and incorporated herein by this reference just as if all of the provisions, terms and conditions had been fully set forth in this Agreement are the following:

Conflict of Interest Addendum. I hereby declare that I am not related by blood, marriage or law to any 3CORE, Inc. Board Member, 3CORE, Inc. Loan Administration Board (LAB) Member or 3CORE, Inc. staff member listed below:

BOARD MEMBERS:

Lorri Pride-Willows
Star Brown-Durham
Kathy Sarmento-Red Bluff
Alexa Benson-Valavanis-Chico
Daniel Blair-Chico
Jovanni Tricerri-Chico

LAB MEMBERS:

Janet Olsen-Corning
Bill Peterson-Chico
Kim Jergentz-Chico
Bill Granicher-Chico
JB Stacy-Red Bluff
Carla Held-Oroville
Kiley Patterson-Paradise
Brian Endemano-Chico
Brad Eidman-Willows
Jennifer Kuyper-Chico
Gordon Smith-Chico
RaeAnn Titus-Willows
Marcy Sutcliffe-Paradise
Andrea Schauer-Red Bluff

STAFF:

Patty Hess-Durham
Marc Nemanic-Chico
Elke Rlat-Chico
Joanna Williams-Oroville
Courtney Farrell-Chico
Emma Kay-Chico.

THIS CONFLICT OF INTEREST STATEMENT - BUSINESS LOAN AGREEMENT IS EXECUTED ON JUNE 10, 2014.

BORROWER:

CITY OF CORNING, A MUNICIPAL CORPORATION FORMED AND OPERATED UNDER THE LAWS OF THE STATE OF CALIFORNIA

By: Gary Strack
Gary Strack, Mayor of City of Corning, a municipal corporation formed and operated under the laws of the State of California

LENDER:

3CORE INC., A CALIFORNIA NON PROFIT CORPORATION

By: Marc Nemanic
Marc Nemanic, Executive Director

LOAN REQUEST SUMMARY

Principal	Loan Date	Maturity	Loan No	Cal / Coll	Account	Officer	Initials
\$75,000.00	06-10-2014	06-10-2016	08211-001033			PH	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: City of Corning, a municipal corporation formed and operated under the laws of the State of California
794 Third Street
Corning, CA 96021

Lender: 3CORE Inc., a California Non Profit Corporation
3120 Cohasset Road, Suite 1
Chico, CA 95973

GENERIC NON-DISCLOSABLE (Fixed Rate)

	Financed	In Cash
AMOUNT REQUESTED:	\$75,000.00	
PREPAID FINANCE CHARGES:	0.00	
Loan Origination Fee (2%)		1,500.00
Loan Preparation Fee		50.00
Collection Set Up		10.00
SECURITY INTEREST CHARGES:		
Certificate of Good Standing		45.00
NOTE AMOUNT:	\$75,000.00	\$0.00

PAYMENT CALCULATION:

Interest Method:	30 /360
Disbursement Date:	06-10-2014
Due Date:	06-10-2016
Interest Rate:	3.000%

Payment Schedule. Borrower's payment schedule consists of the following: **This Note evidences a revolving line of credit. Advances under this Line may be requested in writing by Borrower as provided in the Business Loan Agreement.**

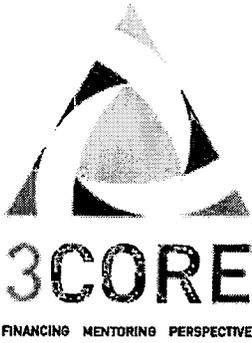
Borrower shall make twenty-four (24) monthly Interest Only payments, plus a six dollar (\$6.00) servicing fee, commencing July 10, 2014, and continuing thereafter on the tenth (10) day of each successive month for twenty-three (23) months. Interest payments shall be calculated at a rate of 3% on the outstanding principal balance. Each such payment shall be applied first to a servicing fee of six dollars (\$6.00) per month agreed to be paid to lender, then to any applicable late charge, then to any applicable advance fees, then to any applicable collection cost, and then to interest.

The entire unpaid balance including interest and all other amounts accrued and unpaid under this Note shall be due and payable on the maturity date, if not sooner paid.

COLLATERAL: Unsecured.

TRANSACTION NUMBER: 80002104

NOTICE: This Loan Request Summary is for informational purposes only and does not obligate Lender in any way to make this loan or any other loan to Borrower. The fees and charges listed above are estimates only; and, if a loan is made, different or additional fees and charges may be imposed.



June 10, 2014

City of Corning
Gary Strack
794 Third Street
Corning, CA 96021

STATEMENT OF FEES DUE

Loan Processing Fee (2% of Loan Amount)	\$1,500.00
Loan Preparation Fee (\$50.00 per loan)	50.00
3CORE Contract Collection Set-Up Fee	10.00
Certificate of Good Standing (Corporations Only)	45.00
Total Fees Due	\$1,605.00
Less: Deposit	<\$0.00>
Amount Due On Or Before Loan Closing	\$1,605.00

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No.	Call Coll.	Account	Officer	Initials
\$75,000.00	06-10-2014	06-10-2016	08211001033			PH	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: City of Corning, a municipal corporation formed and operated under the laws of the State of California
794 Third Street
Corning, CA 96021

Lender: 3CORE Inc., a California Non Profit Corporation
3120 Cohasset Road, Suite 1
Chico, CA 95973

LOAN TYPE. This is a Fixed Rate (3.000%) Nondisclosable Loan to a Corporation for \$75,000.00.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for (please initial):

- Personal, Family, or Household Purposes or Personal Investment.
- Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is: renovation completion of Rogers Theatre.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$75,000.00 as follows:

Amount paid to Borrower directly:	\$75,000.00
\$75,000.00 Lender's Check # to be disbursed at a later time	
Note Principal:	\$75,000.00

CHARGES PAID IN CASH. Borrower has paid or will pay in cash as agreed the following charges:

Prepaid Finance Charges Paid in Cash:	\$1,560.00
\$1,500.00 Loan Origination Fee (2%)	
\$50.00 Loan Preparation Fee	
\$10.00 Collection Set Up	
Other Charges Paid in Cash:	\$45.00
\$45.00 Certificate of Good Standing	
Total Charges Paid in Cash:	\$1,605.00

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED JUNE 10, 2014.

BORROWER:

CITY OF CORNING, A MUNICIPAL CORPORATION FORMED AND OPERATED UNDER THE LAWS OF THE STATE OF CALIFORNIA

By: 
Gary Strack, Mayor of City of Corning, a municipal corporation formed and operated under the laws of the State of California

NOTICE OF FINAL AGREEMENT

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Officer	Initials
\$75,000.00	06-10-2014	06-10-2016	08211-001033			PH	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: City of Corning, a municipal corporation formed and operated under the laws of the State of California
794 Third Street
Corning, CA 96021

Lender: 3CORE Inc., a California Non Profit Corporation
3120 Cohasset Road, Suite 1
Chico, CA 95973

BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, (B) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (C) THE WRITTEN LOAN AGREEMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

As used in this Notice, the following terms have the following meanings:

Loan. The term "Loan" means the following described loan: a Fixed Rate (3.000%) Nondisclosable Loan to a Corporation for \$75,000.00.

Loan Agreement. The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

LOAN DOCUMENTS

Corporate Resolution: City of Corning, a municipal corporation formed and operated under the laws of the State of California
Disbursement Request and Authorization

Business Loan Agreement
Promissory Note
Notice of Final Agreement

Parties. The term "Parties" means 3CORE Inc., a California Non Profit Corporation and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

Borrower: City of Corning, a municipal corporation formed and operated under the laws of the State of California

Each Party who signs below, other than 3CORE Inc., a California Non Profit Corporation, acknowledges, represents, and warrants to 3CORE Inc., a California Non Profit Corporation that it has received, read and understood this Notice of Final Agreement. This Notice is dated June 10, 2014.

BORROWER:

CITY OF CORNING, A MUNICIPAL CORPORATION FORMED AND OPERATED UNDER THE LAWS OF THE STATE OF CALIFORNIA

By: [Signature]
Gary Strack, Mayor of City of Corning, a municipal corporation formed and operated under the laws of the State of California

LENDER:

3CORE INC., A CALIFORNIA NON PROFIT CORPORATION

X

Marc Nemanic, Executive Director

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**ITEM NO.
AUTHORIZE MAYOR OR CITY
MANAGER TO SIGN FINANCING
PROPOSAL DOCUMENT WITH
3CORE FOR RODGERS THEATER
REHABILITATION**

APRIL 8, 2014

TO: MAYOR AND CITY COUNCIL MEMBERS, CORNING CALIFORNIA

**FROM: JOHN L. BREWER, AICP; CITY MANAGER
PATRICK WALKER, PUBLIC WORKS DIRECTOR**

SUMMARY:

Staff recommends the City Council authorize the Mayor or City Manager to sign the attached "Financing Proposal" document dated March 31, 2014.

BACKGROUND:

The City has completed substantial rehabilitation of the Rodgers Theater. Recent improvements include shoring up the roof, applying a new roof, new HVAC, new ceiling insulation, new electrical panel/service, façade improvements, and new restrooms. To date, we've spent about \$352,000 on the project. The funds have come from a number of sources, including \$220,000 in State Park Bond funds, about \$35,000 in Energy Efficiency Improvement Grant funds, about \$46,000 in a McConnell Foundation Grant, other City Funds, and donations.

The State Department of Parks and Recreation administers the State Park Bond Funds. They have retained 20% of those funds until the theater is completed and re-opened. That 20% amounts to \$45,000. The term of the Grant ends on June 30, 2015. That means we must have the theater open for use at that time or else run the risk of losing our retained funds.

We are currently having a draftsman (Bob Metzger) prepare plans for the reconstruction of the auditorium floor. We believe once the floor is completed, we can open the theater up for some limited public use. That should satisfy the State's definition of "completed", at least to the extent of releasing the retained funds (\$45,000).

Now, we currently have about \$327,000 in two separate Development Impact Fee (DIF) accounts (Funds 341 & 355). Up to \$200,000 of these DIF funds could be committed to Theater rehab (per revised Impact Fee Nexus Study approved by the Council on Dec. 10, 2013). We could utilize a portion of those accounts to fund the theater work. However, we're reluctant to commit those funds at this time, since some

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will be needed to complete the "offsite" work, and some may be necessary for "onsite" work at Phase 2 of the Corning Community Park. We invited 3CORE to speak with us about financing options that might be available to us in the short term for theater work.

3CORE PROPOSAL:

The Mayor, Councilmember Tony Cardenas, City Manager and Planning Consultant John Stoufer met with Marc Nemanic and Courtney Farrell of 3CORE on March 26th to discuss options of financing the next phase of theater rehabilitation. 3CORE provides economic development services for the City. 3CORE is an approved Community Development Financial Institution (CDFI) by both the State Dept. of Insurance and the US Treasury Dept. Marc suggested we take advantage of a \$75,000 "Line of Credit" type loan that they could provide. He subsequently followed up with the offer dated March 31, 2014.

This loan would serve as a type of "Gap" funding that we can immediately utilize instead of awaiting completion of Phase 2 of the Park to see what remains of the DIF. Should the council authorize signature of the "acceptance" line, 3CORE will then move to prepare final loan documents. You'll note the proposed terms of the loan and included in the Financing Proposal letter. Mr. Nemanic should be on hand at the meeting to answer questions you may have.

REPAYMENT PLAN:

We'll ultimately need to provide 3CORE with a Repayment Plan that is incorporated into a Council Resolution. Staff will prepare that for consideration at a subsequent meeting once we've received the final loan documents from 3CORE. However, just to be clear, Staff believes repayment should be from a combination of recovered retention (\$45,000) and DIF for any remaining principal/interest. Note that we don't expect we'll need to expend the entire \$75,000 to restore the floor, but, we'll have that access to that much for the floor or other theater improvements.

STAFF RECOMMENDATION:

That the City Council:

AUTHORIZE THE MAYOR OR CITY MANAGER TO SIGN THE ATTACHED FINANCING PROPOSAL LETTER FROM 3CORE DATED MARCH 31, 2014 REGARDING A PROPOSED \$75,000 "LINE OF CREDIT" LOAN FOR THEATER REHABILITATION.

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March 31, 2014

John Brewer
City Manager
City of Corning
794 Third Street
Corning, CA 96021

RE: Financing Proposal

In response to your financing request, 3CORE, Inc., is prepared to provide you with the following financing proposal for your project. Please note that this letter is not intended to constitute a loan commitment but rather to outline the general terms and conditions under which we would be requesting loan approval. These proposed terms and conditions are subject to final approval from our governing body and/or our program administrator. Additional terms and conditions may be attached.

Proposed Line of Credit Terms:

Maximum Amount	\$75,000
Authorized Use of Proceeds	Revolving Line of Credit to assist in the completion of construction related to the Rogers Theatre bond project.
Term	24 months; No Pre-Payment Fee
Interest Rate	3% fixed
Fees	2% plus direct closing costs, fees are due on or before loan closing.
Monthly Payment	Interest Only plus a \$6.00 servicing fee; principal due at maturity.
Collateral	1) Unsecured.
Conditions	1) Final approval of Executive Director; 2) Subject to the acceptance of a repayment plan approved thru a resolution made by the City of Corning City Council; 3) Receipt and acceptance of City documents authorizing Council to enter into a loan commitment with 3CORE, Inc.; 4) Minimum \$25,000 draws on line of credit; 5) Disbursement to be made based upon verification of completed work/costs as outlined in construction project;

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- 6) Receipt and acceptance of other Loan Application information as requested; and
- 7) Other standard loan conditions to be stated at the time of loan approval.

Our commitment to enter into this transaction is conditioned upon there being no (i) material adverse change in your business affairs or financial condition between the date hereof and the date on which the closing documents have been executed, and (ii) there being no material misstatement in any information provided to us in connection with this transaction. This commitment shall expire on April 30, 2014, if not sooner accepted in writing.

If you have any questions, please don't hesitate to contact me.

Sincerely,

Patty Hess

Assistant Director
Chief Lending Officer
3CORE, Inc.
3120 Cohasset Road; Suite 1
Chico, CA 95973
(530) 893-8732
phess@3coreedc.org

Please sign below to acknowledge acceptance.

John Brewer, City Manager

Date

*Please return this signed form to us at your earliest convenience.

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**ITEM NO.: J-12
PRESENTATION OF FISCAL YEAR 2014-
2015 PROGRAM OF SERVICE AND
ANNUAL BUDGET**

JUNE 10, 2014

**TO: HONORABLE MAYOR AND COUNCIL MEMBERS
OF THE CITY OF CORNING**

**FROM: JOHN L. BREWER, AICP; CITY MANAGER
ROY SEILER, CPA; ACCOUNTING CONSULTANT**



INTRODUCTION:

City Staff is pleased to present the City Council with this "Annual Program of Service and Proposed 2014-2015 City Budget".

In this budget report and attachments, Staff will present a budget that largely resembles the FY 2013-2014 (last year's) budget. Our revenues have increased, but our costs have increased as well. For those reasons, we'll continue to provide about the same level of public services and maintain the City's infrastructure as last year.

We've continued the "condensed" budget format that we began last year. We have included many of the charts that were provided last year, with updated financial data of course. All recommended expenditures are accounted for in the budget document and/or described in this staff report. However, for quick reference, we have attached a table under "Expenditures" on **page vii** that presents the staff recommended purchases from the City's Capital Improvement Plan that was recently updated on May 13th.

In summary, this staff report presents budget documents that, if approved in their entirety will:

- Continue "full-time", municipal operations-without employee furloughs.
- Continue the independent half-time Planning Consultant arrangement.
- Increase the Operating Reserve by \$80,000, from \$830,000 to \$910,000.
- Continue funding the Police Dept. Dispatch/Records Management (RIMS) system.
- Fund certain Capital Improvements and equipment replacement in the Fire, Police, Public Works and Parks/Recreation Departments (see table under "Expenditures" on page vii), and
- Add one Maintenance Worker to the Public Works Dept. who will be used to read water meters and assist with park maintenance duties.

EXECUTIVE SUMMARY:

- **FY 2014-2015 Total Projected City-wide Revenues: \$10,707,174.**
- **FY 2014-2015 Total Expenditures, will total: \$11,683,930.**
- Anticipated **General Fund Revenues** will total: **\$4,547,410.**
- Recommended **General Fund Expenditures** will total: **\$4,926,359.**

Now, it's important to note that "**Total Expenditures**" for 2014-2015 exceed the "**Projected Revenues**" by \$976,756. The explanation for this is, the addition of accumulated funds (revenues) from prior years which are proposed to be spent in FY 2014-2015. These funds are the following:

Fund	Description	Amount
Park Development Fees	The overall deficit includes expenditures from our accumulated Park Development Impact Fee accounts (Bedroom Tax and Parkland Development) when we constructed Phase 2 of Corning Community Park. The funds were collected over a number of years and are not part of upcoming (FY 2014-2015) revenue.	\$200,000
Street Funds	These funds are carried over from FY 2013-2014 and are not FY 2014-2015 revenue.	\$324,937
General Fund	Net Carried over from 2013-2014-See General Fund Summary Spreadsheet.	\$378,949
Deposits	We carry over funds deposited to assure construction of facilities tied to development projects. These deposits appear as expenses, even though construction may not occur in the next fiscal year.	\$91,800
Total:		\$995,686

The point here is, the sum of these "prior" revenues exceed the \$976,756 difference between projected Revenues and Expenditures for FY 2014-2015. So, while we are spending more than we're taking in this year, the excess we're spending is really previous revenue that have been "carried over" or "banked".

BUDGET FORMAT:

The budget document presented tonight has two primary components: This staff report with pages marked in lower case Roman Numerals, and the large binder document labeled "City of Corning 2014-2015 Budget & Program of Service", with regular page numbers. The document should be considered a "Draft document" at this time.

Following this budget message is the Table of Contents. That's followed by the Financial Projections Tab. Use the information under that tab to understand the financial status of the City's important funding sources.

The next two tabs display the sources and history of the "General Fund" and all "Other Fund Revenues". There is a detailed narrative explaining each revenue source. The "Department Summaries" tab provides a short history of expenditures in each of the City's Departments. Finally, tabs with individual expenditure plans for each Department and service are provided for detailed study when necessary.

IMPLEMENTING THE PROGRAM OF SERVICE AND ANNUAL BUDGET:

Tonight, and if necessary, at an additional Study Session, Staff will present their budget recommendations to the City Council. Council will also entertain the public's comments and suggestions, and then deliberate and make any changes deemed necessary.

The City Manager and Accounting Consultant Roy Seiler CPA; will then incorporate those changes in a final Budget Resolution document. The current schedule calls for Council to work toward completing the budget review in order to adopt the Resolution at the June 24, 2014 regular meeting. The individual line items of the budget will not be adopted; instead the Council will use the Resolution to set the budget limits for each of the Operating and Capital Improvement Funds that support City services. Staff will then operate within these budget limits to carry out the City Council's adopted Program of Service.

THE BUDGET:

“Budgeting” is the process we go through to project revenues and then allocate those funds as expenditures in order to implement the Council’s desired programs, services and projects.

Our budget addresses anticipated revenues and expenditures affecting the “**General Fund**” and “**Other Funds**”, that account for the Water & Sewer utilities, the Airport, and maintaining the Transportation Center. Revenues and expenditures for “Other Funds” are earmarked for specific uses and must balance. That leaves little discretion to the City Council for those “Other Funds”. For that reason, we primarily focus on the General Fund.

The General Fund budget can be viewed in three primary parts:

1. **History:** We start with “actual numbers” from the audit at last fiscal year’s end (FY 2012-2013; June 30, 2013).
2. **2013-2014 Projected:** Because we prepare the budget before the current fiscal year ends, or “closes out” (June 30th), we must estimate or “project” the fund balance based on data from 11 months (July thru May). From that we’re able to approximate the current General Fund balance.
3. **2014-2015 Budgeted:** We utilize various sources to make projections about the “Income” or “Revenue” we’ll receive for the next fiscal year. Staff then uses those projections to make recommendations about just which programs, services and projects we can fund. From all that we can make preliminary projections about where we expect to be on June 30, 2015.

Please refer to the “**General Fund Summary and Projections**” spreadsheet below which details the recent history of the General Fund.

GENERAL FUND SUMMARY AND PROJECTIONS

	<u>Unreserved</u>	<u>Reserved</u>	<u>TOTAL</u>
Audit Balance, June 30, 2013	\$ 205,264	\$ 800,000	\$ 1,005,264
<u>2013-2014, PROJECTED:</u>			
Revenues, Budgeted	\$ 4,466,910		
Estimated Increases in Revenues over Budget (*)	\$ 200,000		
Available for Expenditure	\$ 4,872,174		
Expenditures, Budgeted	\$ (4,638,225)		
Estimated Decreases in Expenditures over Budget (*)	\$ 175,000		
Funds Transferred to Operating Reserve	\$ (30,000)	\$ 30,000	
Projected Balance June 30, 2014	\$ 378,949	\$ 830,000	\$ 1,208,949
<u>2014-2015, BUDGET YEAR:</u>			
Revenues, Budgeted	\$ 4,547,410		
Available for Expenditure	\$ 4,926,359		
Expenditures, Budgeted	\$ (4,891,456)		
Subtotal	\$ 34,903	\$ 830,000	
Proposed Increase to Operating Reserve	\$ (80,000)	\$ 80,000	
<u>Projected Savings:</u>			
Vacant Communications Supervisor Position	\$ 79,600		
Projected Balance, June 30, 2015, Adjusted for Savings	\$ 34,503	\$ 910,000	\$ 944,503

(*) Recap of Expected Savings, 2013-2014:

<u>Revenues:</u>		<u>Expenditures:</u>	
Projected increase in sales tax	200,000	Vacant CSO Position	55,000
Increase in one time revenues	25,000	Vacant Communications Supervision Position	75,000
Decrease in Police/School Program	(25,000)	Other projected savings	45,000
Total	200,000	Total	175,000

SUMMARY-REVENUES AND EXPENDITURES:

“REVENUES”: THE SOURCES OF FUNDS FOR CITY OPERATIONS:

The total City revenues from all sources for this coming year are projected to reach **\$10,707,174**. City operating income comes from a number of sources which are described fully in the Draft Budget Book sections under the Tab **“General Fund Revenues”** beginning on page 11 of the Budget book and **“Other Fund Revenues”** beginning on page 23. The graph to the right shows the various sources of City revenues.

GENERAL FUND REVENUES:

We project General Fund Revenues to be \$4,547,410 for FY 2014-2015. That amounts to 42.5% of the total revenues. General Fund revenues are largely **“discretionary”**; meaning the City Council can largely decide how these funds are expended.

The revenue sources for the General Fund include the five major categories (Sales Tax, Transient Occupancy Tax, Property Tax, Motor Vehicle License Fees Tax and “Other GF Revenues”) shown on the spreadsheet marked **“General Fund Revenue History/Projections”** that is attached as page 2. The spreadsheet shows how the fund amounts have varied among the recent budget cycles.

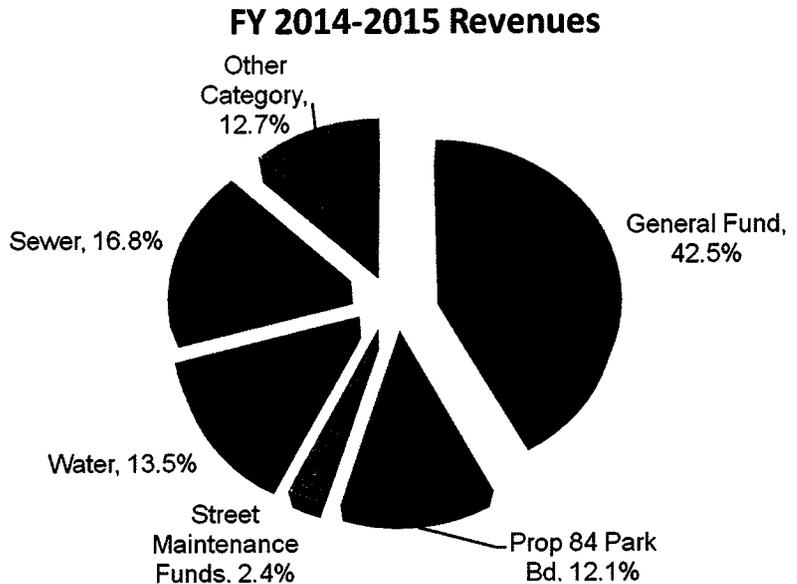
“Sales Tax” is a significant component of the General Fund. Recessionary conditions in FY 09-10 and FY 10-11 greatly reduced sales tax receipts and hence, the General Fund budgets. Since then, retail sales have recovered. In fact, for FY 2013-2014, Sales Tax revenues are up about \$200,000 over the \$2,650,000 that we budgeted. Note that for FY 2014-2015, we’re relying on the Sales Tax projection provided by HdL and conservatively projecting that total Sales Tax (& Triple Flip) will total just \$2,690,000 (down \$160,000 from FY 2013-2014). See also the graphs and discussion under **“General Fund Analysis and Expectations”** beginning at page vii of this staff report.

OTHER FUND REVENUES:

The Council has limited discretion regarding **“Other Fund” (Non-General Fund) Revenues**. These funds are restricted to specific purposes. Some refer to these as “earmarked” funds. For example, Gas taxes must go to street maintenance such as repaving projects, and water revenues may be spent only on water-related repairs or improvements, etc. The sum of all **Other Fund Revenues** anticipated for FY 2014-2015 is **\$6,159,764**. That makes up about 57.5% of the City’s total revenues.

For FY 2014-2015, the Park Bond (Grant) funds for the new park make up a significant portion (12.1%) of the total revenues.

See the **“Financial Projection”** Tab following this report. Under that tab are separate spreadsheets for the Street Funds, the Sewer Enterprise and the Water Enterprise included at Pages 6, 8 & 10, respectively.



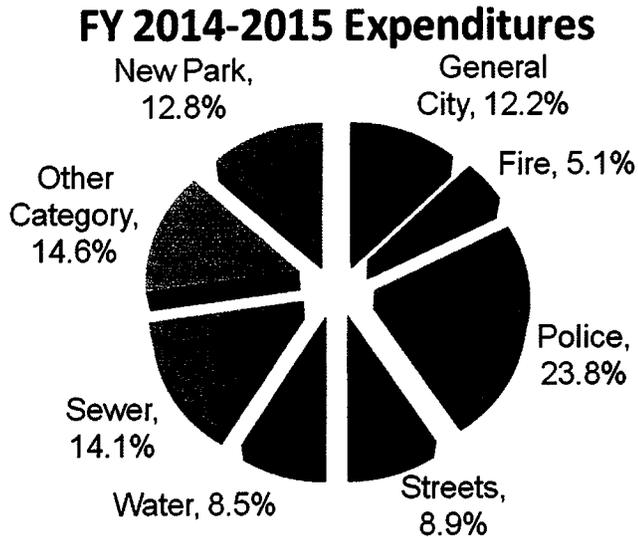
Street Maintenance Funds are reliant on the various Gas Taxes collected from fuel sales and funds provided via the Tehama County Transportation Commission. See Page 6.

Please refer to the Sewer Enterprise Fund spreadsheet (Page 8). The Council approved Resolution No. 05-27-2014-01 on May 27th, 2014. The Resolution implements a series of five separate 3.5% annual increases to the Sewer Rates on July 1 of 2014 and each of the following four years. With those increases, the Sewer Enterprise Fund will overcome a \$7,690 deficit in the Net Operating Reserve for FY 2014-2015, but will achieve small surpluses for each of the four subsequent years.

Now, see the Water Enterprise Fund Spreadsheet (Page 10). The spreadsheet shows a current deficit spending (spending in excess of revenues) shown in the “**Total Annual Net Income**” row beginning FY 2013-2014 and continuing for subsequent years. Note that the spreadsheet anticipates 3% annual increases through 2018-2019. In reality, the final 3% Water Rate increase approved by Resolution 12-08-09-02 occurred on April 1, 2014. So, Staff will be presenting a proposed Water Rate Increase that will exceed the 3% shown on the spreadsheet for Council consideration probably in early 2015.

EXPENDITURES - HOW THE CITY SPENDS ITS MONEY:

The Draft Budget document includes staff recommended expenditures totaling \$11,683,930. The Chart to the right shows the staff recommended expenditures by respective category.



In addition to maintaining our current level of services, including full time (non-furlough) staffing, we have identified some maintenance and equipment purchases from our recently approved (May 13, 2014) Capital Improvement Plan (CIP). We are recommending repaving of West Street between Solano and Butte Streets and pavement marking at South Avenue and Highway 99-W as “Street Projects” for the budget year, along with completion of repaving on Marin Street that was included in the 2013-2014 Budget but not yet completed. Note that those projects **do not** rely on General Fund revenues.

Staff recommended **Capital Improvement and Replacement purchases** are in the Draft Budget and summarized below.

Department	Item/Description	Action	Cost
Fire:	Rescue Squad & Util. vehicle Replacement	Reserve	\$8,700
	Extrication Equipment	Reserve	\$1,700
	Turn-outs (Pers. Protective Equipment)	Purchase	\$7,000
	Training Area Security Fencing	Purchase	\$5,000
		Sub-total Fire CIP	

Police:			
	Vehicle replacement	Purchase	\$45,900
	Taser replacement	Purchase	\$3,000
	Body Armor Replacement	Purchase	\$3,600
	Dispatch Remodel	Purchase	\$15,000
		Sub-total Police CIP	\$67,500
Public Works:			
	Utility Bed for Pickup	Purchase	\$9,000
	Carpet at City Hall	Purchase (est. 1/3 total)	\$15,000
	Marin Street Overlay	Purchase/Construct	\$85,000
	West Street Overlay	Purchase/Construct	\$71,000
	Pavement marking (Hwy. 99-W)	Purchase/Construct	\$33,000
		Sub-total Public Works CIP	\$213,000
Parks/Rec.:			
	Phase 2 of Corning Comm. Park	Construct	\$1,500,000
	Rodgers Theater Floor	Construct	\$30,000
		Sub-Total Parks/Rec. CIP	\$1,530,000
Total City-Wide			\$1,832,900

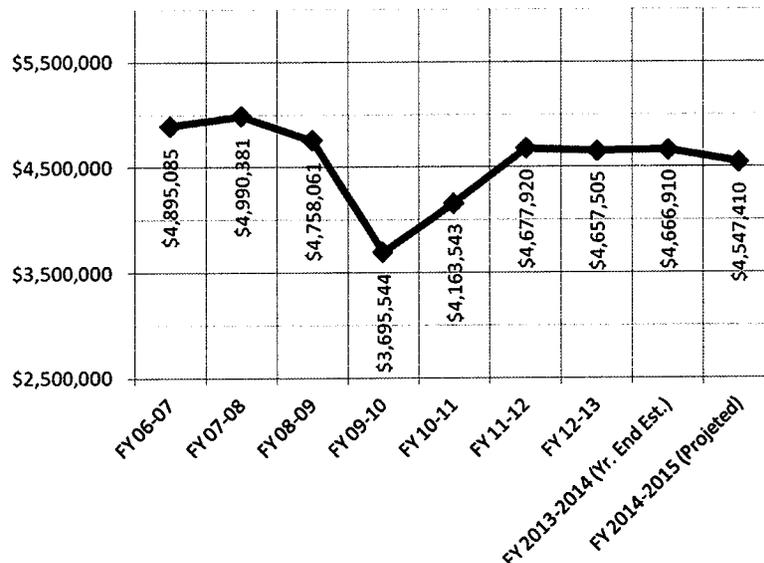
HISTORY, ANALYSIS AND TRENDS:

GENERAL FUND ANALYSIS AND EXPECTATIONS:

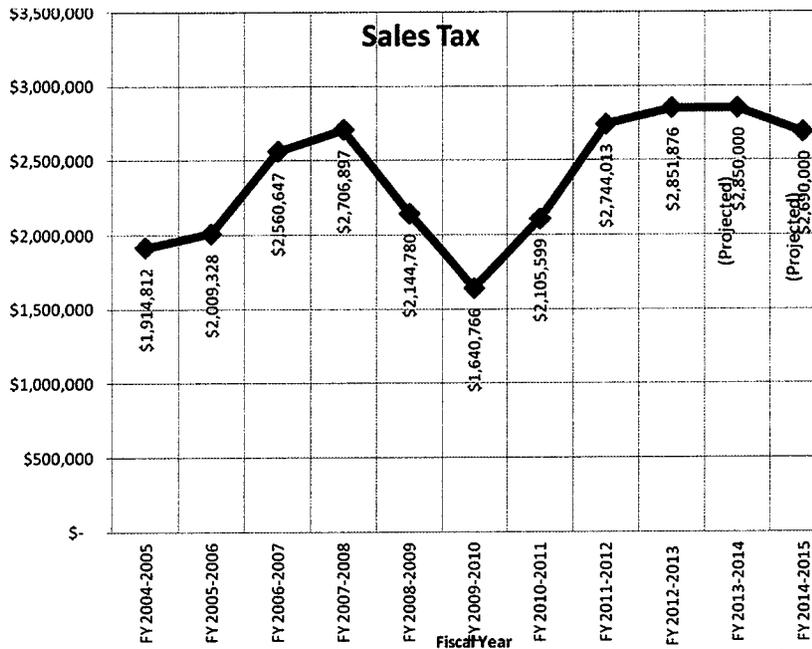
As described previously, we focus on the General Fund because it provides the discretionary revenue that funds many of the City’s important services and programs. The chart below provides a history of General Fund Revenues and Staff’s projection for the next fiscal year. Fluctuations in General Fund Revenues can severely affect the City budget. Note the \$1,000,000 drop in General Fund Revenue in 2009-2010.

The spreadsheet that’s the basis of the chart is included under the Financial Projections tab at page 2 of the Draft Budget document and titled “**General Fund Revenue History and Projections for FY 2014-2015**”. The spreadsheet shows the various sources of the General Fund, the amount/year and the respective percentage of the overall General Fund Revenue Stream. We’re projecting total General Fund Revenues of \$4,547,410 for FY 2014-2015, and expenditures of \$4,876,456. The excess expenditures will utilize the “carried over” General Funds from FY 2013-2014 to balance, as detailed on the General Fund Summary and Projections sheet on Page iv.

Historic & Projected General Fund Revenues



Due to the importance of the key General Fund Revenues, please see the detailed spreadsheets and charts at pages 2, 3, 4 & 5 in the Financial Projections Section.



SALES TAX REVENUE:

Sales Tax is the principal component of General Fund Revenues. Note how the chart to the left mirrors the General Fund Revenue Chart above. In fact, it regularly accounts for over 50% of General Fund Revenues. In 2014-2015 we expect it'll be about 59.2% of the General Fund. Because we rely so heavily on Sales Tax Revenue, our fiscal stability can be significantly affected by recessionary economic conditions. Two industry groups (Fuel Sales and Auto Sales) typically

account for the majority (about 79% so far this fiscal year) of our sales tax revenues.

A one percent swing in sales tax revenue equates to about a \$26,000 effect on our General Fund. Fuel costs are tied to crude oil prices, which are quite volatile. Tight economic conditions can slow auto sales. For those reasons, we keep a watchful eye on sales tax revenues and how it affects our bottom line.

TRANSIENT OCCUPANCY TAX:

This is a 10% room tax that's collected at the motels in town. An improving economy increased 2012-2013 TOT revenues by \$34,000 over the \$260,000 we'd projected. With that, we increased our expectation for 2013-2014 to \$295,000 and collected just under \$300,000. For 2014-2015, we anticipate our TOT to be \$300,000.

PROPERTY TAX:

We have exceeded our 2013-2014 budget projection of \$476,500 in property taxes. We're projecting \$488,500 for 2014-2015.

VEHICLE LICENSE FEES:

This is property tax paid by the County Auditor in lieu of Vehicle License Fees. We expect to receive about the same amount for 2014-2015 that we received this year-\$500,000.

OTHER GENERAL FUND REVENUE:

We're projecting "Other GF Revenue" to be just above 2013-2014. With development-related fees (Building Permit, Plan Check & Planning Fees) down, the General Fund is more reliant on the other revenue streams; particularly Sales Tax.

CURRENT BUDGET MANAGEMENT:

So what does this all mean? The following bullet points summarize Staff's recommendations contained in the 2013-2014 Draft Budget and for the future.

- Like last year's Budget, the staff proposed Budget for 2014-2015 is an austere one. The General Fund is projected to have a deficit of revenue vs. expenditures. Note that this is without any **General Fund** contribution to the Marin or West Street repaving projects.
- As "insurance" for those leaner times, when General Fund revenues are low, as they were in FY 2009-2010, the City maintains an "Operating Reserve", or "savings account". We currently have \$830,000 available in that account. Staff recommends that amount be increased to provide additional protection from future recessionary conditions. Ideally we should accumulate an Operating Reserve of \$1,000,000. We are recommending that \$80,000 be added to the Operating Reserve at this time to make the total \$910,000.
- With the construction and subsequent completion of Phase 2 of the Corning Community Park, we will have doubled our Parks area. The increased area takes additional manpower to maintain. At the same time, Public Works has retained the task of water meter reading. This budget proposes to hire one new P/W Maintenance Worker who will take on water meter reading and assist with Parks maintenance. The costs are to be split between the Parks Maintenance and Water Departments.
- We'll continue the current staffing level in the Police Department, acknowledging the staff vacancies.
- The current half-time contract Planning Director and the part time Building Official/PW Inspector arrangement will continue to meet our needs until development activity increases.

SUBSEQUENT YEARS; FY 2015-2016 AND BEYOND:

- Council recently approved five separate 3.5% annual increases to sewer rates. That will provide additional revenue to keep the Sewer Enterprise Fund solvent for the short term. A similar increase for water rates will be presented for Council consideration in 2015.
- Of course, increased development activity would generate Development Impact Fees, some of which would pay down indebtedness attributable to previous Water, Sewer and WWTP expansion, improve the Water and Sewer Enterprise Funds and provide a financial relief to the General Fund.
- In the next few months, Staff expects to present a proposal for solar energy production at the WWTP that will help lower energy costs for those treatment operations, as well as other City facilities. The new energy source is expected to save the City about \$50,000 in the first year of operation and in subsequent years for the 20 to 25 year life of the Power Purchase Agreement (PPA). The savings will benefit the General Fund as well as Sewer and Water Enterprise Funds.
- We are currently processing a Use Permit Application that seeks to install a Cell Phone Tower and facilities at Clark Park. If the Use Permit is approved, the City will reap Lease payments totaling over \$16,000/year. Those funds will help fund the additional Parks Maintenance due to the added parkland of Corning Community Park.
- We must continue to carefully manage our resources. Our expenditures in the next (FY 2015-2016) year will likely continue to rise with inflation, fuel & energy cost increases and increased personnel costs. At the same time, we're not expecting significant revenue increases. For that reason we should continue to budget conservatively and not take on additional programs. We should continue adding to the City's Operating Reserve, the City's equivalent to a savings account. The Operating Reserve could be utilized in the case of another economic downturn that diminishes Sales Tax Revenue.