CALL AND NOTICE OF SPECIAL MEETING

CITY OF HUNTINGTON PARK

CALLED BY MAYOR JHONNY PINEDA

NOTICE IS HEREBY GIVEN That a Special Meeting of the City Council of the City of Huntington Park will be held on Tuesday, May 29, 2018, at 6:30 p.m. at City Hall Council Chambers, 6550 Miles Avenue, Huntington Park, CA 90255

Jhonny Pineda
Mayor

Karina Macias
Vice Mayor

Graciela Ortiz
Council Member

Marilyn Sanabria
Council Member

Manuel "Manny" Avila
Council Member

All agenda items and reports are available for review in the City Clerk's Office and www.hpca.gov. Any writings or documents provided to a majority of the City Council regarding any item on this agenda (other than writings legally exempt from public disclosure) will be made available for public inspection in the Office of the City Clerk located at 6550 Miles Avenue, Huntington Park, California 90255 during regular business hours, 7:00 a.m. to 5:30 p.m., Monday – Thursday, and in the Council Chambers at City Hall during the meeting.

Any person who requires a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may request such modification, accommodation, aid or service by contacting the City Clerk's Office either in person at 6550 Miles Avenue, Huntington Park, California or by telephone at (323) 584-6230. Notification in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

PLEASE SILENCE ALL CELL PHONES AND OTHER ELECTRONIC EQUIPMENT WHILE COUNCIL IS IN SESSION. Thank you.

PLEASE NOTE--The numerical order of items on this agenda is for convenience of reference. Items may be taken out of order upon request of the Mayor or Members of the City Council. Members of the City Council and the public are reminded that they must preserve order and decorum throughout the Meeting. In that regard, Members of the City Council and the public are advised that any delay or disruption in the proceedings or a refusal to obey the orders of the City Council or the presiding officer constitutes a violation of these rules.

- The conduct of City Council meetings is governed by the portion of the California Government Code commonly known as the "Brown Act" and by the Huntington Park City Council Meeting Rules of Procedure.
- The City Council meeting is for conducting the City's business, and members of the audience must obey the rules of decorum set forth by law. This means that each speaker will be permitted to speak for three minutes to address items that are listed on the City Council agenda or topics which are within the jurisdictional authority of the City.
- No profanity, personal attacks, booing, cheering, applauding or other conduct disruptive to the meeting will be permitted. Any person not adhering to the Rules of Procedure or conduct authorized by the Brown Act may be asked to leave the Council Chambers.
- All comments directed to the City Council or to any member of the City Council must be directed to the Mayor (or Chairperson if Mayor is absent).

We ask that you please respect the business nature of this meeting and the order required for the proceedings conducted in the Council Chambers.

Public Comment

The Council encourages all residents of the City and interested people to attend and participate in the meetings of the City Council.

If you wish to address the Council, please complete the speaker card that is provided at the entrance to the Council Chambers and give to City Clerk prior to the start of Public Comment.

For both open and closed session each speaker will be limited to three minutes per Huntington Park Municipal Code Section 2-1.207. Time limits may not be shared with other speakers and may not accumulate from one period of public comment to another or from one meeting to another. **This is the only opportunity for public input except for scheduled public hearing items**.

All comments or queries shall be addressed to the Council as a body and not to any specific member thereof. Pursuant to Government Code Section 54954.2(a)(2), the Ralph M. Brown Act, no action or discussion by the City Council shall be undertaken on any item not appearing on the posted agenda, except to briefly provide information, ask for clarification, provide direction to staff, or schedule a matter for a future meeting.

Additions/Deletions to Agenda

Items of business may be added to the agenda upon a motion adopted by a minimum two-thirds vote finding that there is a need to take immediate action and that the need for action came to the attention of the City or Agency subsequent to the agenda being posted. Items may be deleted from the agenda upon the request of staff or Council.

Important Notice

The City of Huntington Park shows replays of City Council Meetings on Local Access Channel 3 and over the Internet at www.hpca.gov. NOTE: Your attendance at this public meeting may result in the recording and broadcast of your image and/or voice.

AGENDA

CALL TO ORDER

ROLL CALL

Mayor Jhonny Pineda
Vice Mayor Karina Macias
Council Member Manuel "Manny" Avila
Council Member Graciela Ortiz
Council Member Marilyn Sanabria

PLEDGE OF ALLEGIANCE

PRESENTATIONS

"Certificates of Recognition" to the Salutatorians and Valedictorians of Huntington Park High Schools

"Certificate of Recognition", Presented to San Antonio Elementary School Students for their Accomplishment in Reading 20,000 Books

PUBLIC COMMENT

Pursuant to Government Code Section 54954.3(a) Members of the public will have an opportunity to address the City Council on items listed on this special meeting agenda. For items on this agenda each speaker will be limited to three minutes per Huntington Park Municipal Code Section 2-1.207. Time limits may not be shared with other speakers and may not accumulate from one period of public comment to another or from one meeting to another.

STAFF RESPONSE

REGULAR AGENDA

FINANCE

1. Consideration and Approval of a Resolution to Adopt Debt Issuance and Management Policy

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Adopt Resolution No. 2018-11 adopting a debt issuance and management policy and taking related actions.

REGULAR AGENDA (CONTINUED)

FINANCE

2. Consideration and Approval of a Resolution Affirming Subordination of Reimbursement Obligations Owed by Successor Agency to the Community Development Commission of the City of Huntington Park Under a 2007 Amended and Restated Reimbursement Agreement with Respect to Pledge of Property Tax Revenues

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Adopt Resolution No. 2018-12, affirming subordination of reimbursement obligations owed by the Successor Agency to the Community Development Commission of the City of Huntington Park under a 2007 Amended and Restated Reimbursement Agreement with respect to pledge of property tax revenues and taking related actions.

PUBLIC WORKS

3. Consideration and Approval of T2 Extended Warranty on Luke II Pay Stations

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Approve purchase of T2 Extended Warranty in the amount of $22,050; and

2. Authorize Director of Public Works to execute sales quote.

ADJOURNMENT

The City of Huntington Park City Council will adjourn to a Regular Meeting on Tuesday, June 5, 2018.

I Donna G. Schwartz, hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted at City of Huntington Park City Hall and made available at www.hpca.gov not less than 24 hours prior to the meeting. Dated this 24th day of May 2018.

Estefania Zamora
for Donna G. Schwartz, CMC, City Clerk

CITY OF HUNTINGTON PARK

Finance Department
City Council Agenda Report

May 29, 2018

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

CONSIDERATION AND APPROVAL OF A RESOLUTION TO ADOPT DEBT ISSUANCE AND MANAGEMENT POLICY

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Adopt Resolution No. 2018-11, adopting a debt issuance and management policy and taking related actions.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The City and the City's related public entities (such as the Huntington Park Public Financing Authority and the Successor Agency to the Community Development Commission of the City of Huntington Park), from time to time, have incurred or may incur debt obligations (collectively, bonds) to finance projects or for refunding purposes. The City Council, acting as the Successor Agency's Board of Directors, will be considering a resolution authorizing the Successor Agency's incurrence of a loan (and issuance of a related tax allocation note) to refund outstanding debt.

Pursuant to Government Code Section 8855, a Report of Proposed Debt Issuance must be filed with the California Debt and Investment Advisory Commission (CDIAC) before the sale of any bonds.

Senate Bill 1029 (SB 1029), which became effective January 1, 2017, amended Government Code Section 8855. Among other things, SB 1029 effectively requires a local government agency to adopt a formal debt policy before issuing bonds. SB 1029 imposes a requirement that each Report of Proposed Debt Issuance must include the issuer's certification that it has adopted a local debt policy and that the contemplated bond issuance is consistent with such adopted policy.

SB 1029 provides that the local debt policy must including the following:

1. The purpose for which the debt proceeds may be used;

2. The types of debt that may be issued;

3. The relationship of the debt to, and integration with the issuer's capital improvement program or budget, if applicable;

4. Policy goals related to the issuer's planning goals and objectives; and,

5. The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

FISCAL IMPACT/FINANCING

The attached Debt Issuance and Management Policy is consistent with the City's existing policies and practices. It has been drafted in furtherance of the City's goals of fiscal sustainability and financial prudence. It sets forth guidelines for the City's debt issuances and the administration of related records, reporting obligations and bond proceeds expenditures and to comply with the local debt policy requirements of SB 1029.

CONCLUSION

Upon Council approval, staff will proceed with the implementation of the Debt Issuance and Management Policy.

Respectfully submitted,

RICARDO REYES
Interim City Manager

NITA MCKAY
Finance Director

ATTACHMENT(S)

A. Resolution No. 2018-11, (with Exhibit A -- Debt Issuance and Management Policy)

ATTACHMENT “A”

RESOLUTION NO. <u>2018-11</u>

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTINGTON PARK, CALIFORNIA, ADOPTING A DEBT ISSUANCE AND MANAGEMENT POLICY AND TAKING RELATED ACTIONS

WHEREAS, the City of Huntington Park and its related entities (such as the Huntington Park Public Financing Authority and the Successor Agency to the Community Development Commission of the City Of Huntington Park) (together, the "City") have issued or may issue bonds or other financing obligations ("Local Debt") that are subject to requirements for the filing of reports to the California Debt and Investment Advisory Commission ("CDIAC") pursuant to California Government Code Section 8855 ("Section 8855"); and

WHEREAS, under Section 8855, a municipal issuer of Local Debt must file a report (the "Report of Proposed Debt Issuance") at least 30 days before the sale of any Local Debt issue; and

WHEREAS, Senate Bill No. 1029 ("SB 1029"), which became effective on January 1, 2017, amended Section 8855 to augment the information that a municipal issuer must provide to CDIAC in connection with Local Debt issuances; and

WHEREAS, Section 8855, as amended by SB 1029, requires the Report of Proposed Debt Issuance to include a certification that the municipal issuer has adopted a local debt policy and the contemplated Local Debt issuance is consistent with such local debt policy; and

WHEREAS, Section 8855(i)(1) requires that the local debt policy must include the following elements:

(A) The purposes for which the debt proceeds may be used;
(B) The types of debt that may be issued;
(C) The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable;
(D) Policy goals related to the issuer's planning goals and objectives; and
(E) The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use; and

WHEREAS, the City expects that it will continue to issue Local Debt from time to time; and

WHEREAS, this City desires to adopt the Debt Issuance and Management Policy, as set forth in Exhibit A (the "Policy"), and the Policy will be the local debt policy for the purposes of Section 8855;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF HUNTINGTON PARK, HEREBY FINDS, DECLARES AND RESOLVES AS FOLLOWS:

SECTION 1. The above recitals are true and correct and are a substantive part of this Resolution.

SECTION 2. The City Council hereby determines and finds that the Policy complies with the requirements of Section 8855(i)(1).

SECTION 3. The Policy, as set forth in Exhibit A, is hereby approved and adopted. The Policy shall be applicable to Local Debt issued by or on behalf of the City (including its related entities such as, but not limited to, the Huntington Park Public Financing Authority and the Successor Agency to the Community Development Commission of the City of Huntington Park). The Policy shall supersede any prior debt policy covering the same matters previously adopted by the City.

SECTION 4. The City Manager, the Finance Director and other officers of the City are hereby authorized and directed, jointly and severally, to execute such instruments and do any and all things which they may deem necessary or advisable to effectuate this Resolution and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

SECTION 5. This Resolution shall take effect upon adoption. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 29th day of May, 2018.

____
Jhonny Pineda, Mayor

ATTEST:

____
Donna G. Schwartz, CMC
City Clerk

EXHIBIT A

CITY OF HUNTINGTON PARK
DEBT ISSUANCE AND MANAGEMENT POLICY

As of May 29, 2018
(Resolution No. _________)

A. PURPOSE

The purpose of this Debt Issuance and Management Policy (this "Policy") is to establish guidelines and parameters for the effective governance, management and administration of debt and other financing obligations issued by the City of Huntington Park and its related entities (such as the Huntington Park Public Financing Authority and the Successor Agency to the Community Development Commission of the City of Huntington Park).

As used in this Policy, "City" shall mean the City of Huntington Park and/or its related entities, as the context may require. As used in this Policy, "debt" shall be interpreted broadly to mean bonds, notes, certificates of participation, financing leases, or other financing obligations, but the use of such term in this Policy shall be solely for convenience and shall not be interpreted to characterize any such obligation as an indebtedness or debt within the meaning of any statutory or constitutional debt limitation where the substance and terms of the obligation falls within exceptions to such legal limitation. This Policy shall apply to all debt issued or sold to third party lenders or investors and does not pertain to City internal interfund borrowings or any employee benefit obligations.

B. BACKGROUND

The City and its related entities are committed to fiscal sustainability by employing long-term financial planning efforts, maintaining appropriate reserves levels and employing prudent practices in governance, management, budget administration and financial reporting.

Debt levels and their related annual costs are important long-term obligations that must be managed within available resources. A disciplined thoughtful approach to debt management includes policies that provide guidelines for the City and its related entities to manage their collective debt program in line with those resources. Therefore, the objective of this policy is to provide written guidelines and restrictions concerning the amount and type of debt and other financing obligations issued by the City and its related entities and the ongoing management of the debt portfolio.

This Policy is intended to improve the quality of decisions, assist with the determination of the structure of debt issuance, identify policy goals, and demonstrate a commitment to long-term financial planning, including a multi-year capital plan. Adherence to a Debt Issuance and Management Policy signals to rating agencies and the capital markets that a government is well managed and should meet its obligations in a timely manner.

C. CONDITIONS AND PURPOSES OF DEBT ISSUANCE

1. Acceptable Conditions for the Use of Debt

The City believes that prudent amounts of debt can be an equitable and cost-effective means of financing infrastructure and capital asset and project needs of the City. Debt will be considered to finance such projects if:

a) The project has been, or will be, included in the City's capital improvement plan or has otherwise been coordinated with the City's planning goals and objectives.

b) The project can be financed with debt not exceeding the term specified in Section E.1 of this Policy, to assure that long-term debt is not issued to finance projects with a short useful life.

c) It is the most cost-effective funding means available to the City, taking into account cash flow needs and other funding alternatives.

d) It is fiscally prudent and meets the guidelines of this Policy. Any consideration of debt financing shall consider financial alternatives, including pay-as-you-go funding, proceeds derived from development or redevelopment of existing land and capital assets owned by the City, and use of existing or future cash reserves, or combinations thereof.

2. Acceptable Uses of Debt and Proceeds of Debt

The primary purpose of debt is to finance one of the following:

a) The City will consider long-term financing for the acquisition, substantial refurbishment, replacement, or expansion of capital assets (including but not limited to land improvements, infrastructure projects, equipment and water rights) for the following purposes:

i. Acquisition and or improvement of land, right-of-way or long-term easements.

ii. Acquisition of a capital asset with a useful life of three or more years.

iii. Construction or reconstruction of a facility.

iv. Although not the primary purpose of the financing effort, project reimbursables that include project planning design, engineering and other preconstruction efforts; project-associated furniture fixtures and equipment; capitalized interest (prefunded interest), original issue discount, underwriter's discount, and other costs of issuance.

b) Refunding, refinancing, or restructuring debt (including without limitation the refinancing or advance funding of City pension obligations), subject to refunding objectives and parameters discussed in Section G.

3. Short-Term Debt

a) In the event of temporary shortfalls in cash flow for City operation costs due to timing of receipt of revenues and the lack of cash on hand to cover the temporary deficit, the City may consider interim or cash flow financing, such as anticipation notes. In compliance with applicable state law, any such notes shall be payable either (i) not later than the last day of the fiscal year in which it is issued, or (ii) during the fiscal year succeeding the fiscal year in which issued, but in no event later than 15 months after the date of issue, and only if such note is payable only from revenue received or accrued during the fiscal year in which it was issued.

b) Short-term debt may be used to finance short-lived capital projects, such as lease purchase financing or equipment.

c) Prior to issuance of any short-term debt, a reliable revenue source shall be identified for repayment of the debt.

4. Internal Control Procedures Concerning Use of Proceeds of Debt

One of the City's priorities in the management of debt is to assure that the proceeds of the debt will be directed to the intended use for which the debt has been issued. In furtherance of this priority, the following procedures shall apply:

a) The Finance Director shall retain, for the applicable period specified in Section H.4. of this Policy, a copy of each annual report filed with the California Debt and Investment Advisory Commission ("CDIAC") pursuant to Section 8855(k) of the California Government Code concerning (1) debt authorized during the applicable reporting period (whether issued or not), (2) debt outstanding during the reporting period, and (3) the use during the reporting period of proceeds of issued debt.

b) In connection with the preparation of each annual report to be filed with CDIAC pursuant to Section 8855(k) of the California Government Code, the Finance Director shall keep a record of the original intended use for which the debt has been issued, and indicate whether the proceeds spent during the applicable one-year reporting period for such annual report comport with the intended use (at the time of original issuance or as modified pursuant to the following sentence). If a change in intended use has been authorized subsequent to the original issuance of the debt, the Finance Department shall indicate in the record when the change in use was authorized and whether the City Council, City Manager, or another City official has authorized the change in intended use. The Finance Director or the Finance Director's designee shall report apparent deviations from the intended use in debt proceeds to the City Manager for further discussion, and if the City Manager determines appropriate in consultation with legal counsel (which may be bond counsel, if applicable, or the City Attorney), to the City Council.

c) If the debt has been issued to finance a capital project and the project timeline or scope of project has changed in a way that all or a portion of the debt proceeds cannot be expended on the original project, the Finance Director shall consult with the City Manager and legal counsel (which may be bond counsel, if applicable, or the City Attorney) as to available alternatives for the expenditure of the remaining debt proceeds (including prepayment of the debt).

D. TYPE OF FINANCING INSTRUMENTS; AFFORDABILITY AND PLANNING POLICIES

The City recognizes that there are numerous types of financing structures and funding sources available, each with specific benefits, risks, and costs. All potential funding sources are reviewed by management within the context of this Policy and the overall portfolio to ensure that any financial product or structure is consistent with the City's objectives. Regardless of what financing structure(s) is utilized, due diligence review must be performed for each transaction, including the quantification of potential risks and benefits, and analysis of the impact on City creditworthiness and debt affordability and capacity.

Prior to the issuance of debt or other financing obligations to finance a project, the City will carefully consider the overall long-term affordability of the proposed debt issuance. The City shall not assume more debt or other financing obligations without conducting an objective analysis of the City's ability to assume and support additional debt service payments. The City will consider its long-term revenue and expenditure trends, the impact on operational flexibility and the overall debt burden on the taxpayers. The evaluation process shall include a review of generally accepted measures of affordability and will strive to achieve and or maintain debt levels consistent with its current operating and capital needs.

1. **General Fund-Supported Debt** – General Fund Supported Debt generally include Certificates of Participation ("COPs") and Lease Revenue Bonds ("LRBs") which are lease obligations that are secured by a lease-back arrangement between the City and another public entity. Typically, the City appropriates available General Fund moneys to pay the lease payments to the other public entity and, in turn, the public entity uses such lease payments received to pay debt service on the bonds or Certificates of Participation.

General Fund Supported Debt may also include bonds issued to refund obligations imposed by law, such as judgments (judgment obligation bonds ("JOBs")) or unfunded accrued actuarial liabilities for pension plans (pension obligation bonds ("POBs")).

These obligations do not constitute indebtedness under the state constitutional debt limitation and, therefore, are not subject to voter approval.

The City may enter into operating leases and lease purchase agreements on an as-needed basis without voter approval. Lease terms are typically three to ten years.

Payments to be made under valid leases are payable only in the year in which use and occupancy of the leased property is available, and lease payments may not be accelerated as a default remedy. Lease financing requires the fair market rental value of the leased property to be equal to or greater than the required debt service or lease payments. The lessee (the City) is obligated to include in its Annual Budget and appropriate the rental payments that are due and payable during each fiscal year the lessee has use of the leased property.

The City should strive to maintain its net General Fund-backed annual debt service at or less than 8% of available annually budgeted revenue. This ratio is defined as the City's annual debt service requirements on General Fund Supported Debt (including, but not limited to, COPs, LRBs, JOBs, and POBs) compared to total annual General Fund Revenues net of interfund transfers out.

2. **Revenue Bonds** – Long-term obligations payable solely from specific special fund sources, in general, are not subject to a debt limitation. Examples of such long-term obligations include those which are payable from a special fund consisting of restricted revenues or user fees (Enterprise Revenues) and revenues derived from the system of which the project being funded is a part.

   In determining the affordability of proposed revenue bonds, the City will perform an analysis comparing projected annual net revenues (exclusive of depreciation which is a non-cash related expense) to estimated annual debt service. The City should strive to maintain an annual coverage ratio of 110% (or such higher coverage ratio included in the City's existing financing documents), using historical and/or projected net revenues to cover annual debt service for bonds. To the extent necessary, the City shall undertake proceedings for a rate increase to cover both operations and debt service costs, and create debt service reserve funds to maintain the required coverage ratio.

3. **Special Districts Financing** – The City may determine, from time to time, to undertake proceedings to form Community Facilities Districts pursuant to the Mello-Roos Community Facilities District Act of 1982 or assessment districts pursuant to the Improvement Act of 1911, the Municipal Improvement Act of 1913, or other applicable law. The City will consider requests for special district formation and debt issuance when such requests address a public need or provide a public benefit. Each application will be considered on a case by case basis, and the Finance Department may not recommend a financing if it is determined that the financing could be detrimental to the debt position or the best interests of the City.

4. **General Obligation Bonds** – Notwithstanding their name, General Obligation Bonds are not general obligations of the City, but instead they are payable from and secured by a dedicated, voter-approved property tax override rate (*i.e.*, a property tax in excess of the 1% basic *ad valorem* property tax rate which has received the approving two-thirds vote of the City's electorate). While the dedicated revenue stream to repay the debt makes General Obligation Bonds an attractive option,

additional considerations for this financing mechanism include the time and expense of an election, the possibility that the electorate will not approve the ballot measure, and the legal bonding capacity limit of the assessed value of all taxable property within the City. (At the time of the adoption of this Policy, the legal bonding capacity limit for a California general law city is 3.75% of the assessed value of all taxable property within the City.).

5. **Tax Increment Financing** – Tax increment financing is a financing method whereby a portion of *ad valorem* property taxes (commonly called the "tax increment") that are allocated to an entity, such as a successor agency to redevelopment agency ("Successor Agency"), an enhanced infrastructure financing district ("EIFD"), a community revitalization and investment authority ("CRIA") or an infrastructure and revitalization financing district ("IRFD"), and the entity is permitted to incur debt payable from and secured by the tax increment revenues. While tax increment debt for redevelopment agencies and Successor Agencies is entitled to the benefits of Article XVI, Section 16, of the California Constitution, no similar provision exists for EIFDs, CRIAs and IRFDs at the time of adoption of this Policy. Therefore, when considering EIFD, CRIA or IRFD financing, or other types of tax increment financing which may be permitted by law in the future, debt limit concerns should be analyzed with respect to the proposed structure and taken into account in determining the practical viability of the proposed financing.

6. **Conduit Debt** – Conduit financing provides for the issuance of securities by a government agency to finance a project of a third party, such as a non-profit organization or other private entity. The City may sponsor conduit financings for those activities that have a general public purpose and are consistent with the City's overall service and policy objectives. Unless a compelling public policy rationale exists, such conduit financings will not in any way pledge the City's faith and credit.

E. STRUCTURE OF DEBT

1. **Term of Debt** – In keeping with Internal Revenue Service regulations for tax-exempt financing obligations, the weighted average maturity of the debt should not exceed 120% of the weighted average useful life of the facilities or projects to be financed, unless specific circumstances exist that would mitigate the extension of time to repay the debt and it would not cause the City to violate any covenants to maintain the tax-exempt status of such debt, if applicable.

2. **Rapidity of Debt Payment**; **Level Payment** – To the extent practical, bonds will be amortized on a level repayment basis, and revenue bonds will be amortized on a level repayment basis considering the forecasted available pledged revenues to achieve the lowest rates possible. Bond repayments should not increase on an annual basis in excess of 2% without a dedicated and supporting revenue funding stream.

   Accelerated repayment schedules reduce debt burden faster and reduce total borrowing costs. The Finance Director will amortize debt through the most financially advantageous debt structure and to the extent possible, match the City's projected cash flow to the anticipated debt service payments. "Backloading" of debt service will be considered only when one or more of the following occur:

a) Natural disasters or extraordinary or unanticipated external factors make payments on the debt in early years prohibitive.

b) The benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present.

c) Such structuring is beneficial to the aggregate overall debt payment schedule or achieves measurable interest savings.

d) Such structuring will allow debt service to more closely match projected revenues, whether due to lower project revenues during the early years of the project's operation, inflation escalators in the enterprise user rates, or other quantifiable reasons.

3. **Serial Bonds, Term Bonds, and Capital Appreciation Bonds** – For each issuance, the City will select serial bonds or term bonds, or both. On the occasions where circumstances warrant, Capital Appreciation Bonds ("CABs") may be used. The decision to use term, serial, or CABs is driven based on market conditions. However, the use of CABs should be used as a last resort unless a compelling financing need is presented and acceptable rates and terms can be secured.

4. **Reserve Funds** – To the extent that the use of available City moneys to fund a reserve fund provides an economic benefit that offsets the cost of financing the reserve fund from bond proceeds (as determined by the Finance Director in consultation with the City's municipal advisor and, if applicable, the underwriter for the bonds), the City may use legally permitted moneys to fund a reserve fund (in cash or through the purchase of a debt service reserve surety bond or insurance policy) for the proposed bonds, up to the maximum amount permitted by applicable law or regulation. Typically, this amount is equal to the least of: (i) maximum annual debt service on the bonds, (ii) 10% of the principal amount of the bonds (or 10% of the sale proceeds of the bonds, within the meaning of Section 148 of the federal Internal Revenue Code), or (iii) 125% of average annual debt service on the bonds.

F. USE OF ALTERNATIVE DEBT INSTRUMENTS

Alternative debt instruments and financing structures sometimes can provide a lower cost of borrowing in the short run, but may involve greater medium-term or long-term risk. Due diligence review must be performed for each transaction, including the quantification of potential risks and benefits, analysis of the impact on City creditworthiness and debt affordability and capacity, and an evaluation of the ability of the City to withstand the medium-term or long-term risk attendant to alternative debt instruments, including the feasibility of exit strategies.

1. Variable Rate Debt

Variable rate debt affords the City the potential to achieve a lower cost debt depending on market conditions. However, the City will seek to limit the use of variable-rate debt due to the potential risks of such instruments.

a) Purpose

The City shall consider the use of variable rate debt for the purposes of:

- i. Reducing the costs of debt issues.
- ii. Increasing flexibility for accelerating principal repayment and amortization.
- iii. Enhancing the management of assets and liabilities (matching short-term "priced debt" with the City's short-term investments).

b) Considerations and Limitations on Variable-Rate Debt

The City may consider the use of all alternative structures and modes of variable rate debt to the extent permissible under State law and will make determinations among different types of modes of variable rate debt based on cost, benefit, and risk factors. The Finance Director shall consider the following factors in considering whether to utilize variable rate debt:

- i. With respect to General Fund supported debt, one of the following two criteria should be met as determined by the Finance Director in his or her discretion: 1) any variable rate debt should not exceed 20% of total City General Fund supported debt; or 2) annual debt service on any variable rate debt should not exceed 5% of the annual General Fund Revenue.
- ii. Any variable rate debt should be fully hedged by expected future capital fund reserves or unrestricted General Fund reserve levels, as applicable.
- iii. Whether interest cost and market conditions (including the shape of the yield curves and relative value considerations) are unfavorable for issuing fixed rate debt.
- iv. The likelihood of projected debt service savings when comparing the cost of fixed rate bonds.
- v. Costs, implementation and administration are quantified and considered.
- vi. Cost and availability of liquidity facilities (lines of credit necessary for variable rate debt obligations and commercial paper in the event

that the bonds are not successfully remarketed) are quantified and considered.

vii. Whether the ability to convert debt to another mode (daily, monthly, fixed) or redeem at par at any time is permitted.

viii. Cost and availability of derivative products to hedge interest rate risk.

ix. The findings of a thorough risk management assessment.

c) Risk Management

Any issuance of variable rate debt shall require a rigorous risk assessment, including, but not limited to factors discussed in this section. Variable rate debt subjects the City to additional financial risks (relative to fixed rate bonds), including interest rate risk, tax risk, and certain risks related to providing liquidity for certain types of variable rate debt.

The City will properly manage the risks as follows:

i. ***Interest Rate Risk and Tax Risk*** – The risk that market interest rates increase on variable-rate debt because of market conditions, changes in taxation of municipal bond interest, or reductions in tax rates. *Mitigation* – Limit total variable rate exposure per the defined limits, match the variable rate liabilities with short term assets, and/or purchase appropriate derivative products to hedge against the risk (see also Section F.2 below).

ii. ***Liquidity/Remarketing Risk*** – The risk that holders of variable rate bonds exercise their "put" option, tender their bonds, and the bonds cannot be remarketed requiring the bond liquidity facility provider to repurchase the bonds. This will result in the City paying a higher rate of interest to the facility provider and the potential rapid amortization of the repurchased bonds. *Mitigation* - Limit total direct variable-rate exposure. Seek liquidity facilities which allow for longer (5-10 years) amortization of any draws on the facility. Endeavor to secure credit support facilities that result in bond ratings of the highest short-term ratings and long-term ratings not lower than the second highest rating category (without taking into account numerical or plus/minus sign modifiers). If the City's bonds are downgraded below these levels (or such other rating levels as provided in the applicable financing documents) as a result of the facility provider's ratings, a replacement provider shall be sought.

iii. ***Liquidity/Rollover Risk*** – The risk that arises due to the shorter term of most liquidity provider agreements (1-5 years) relative to the longer-term amortization schedule of the City's variable-rate bonds. Liquidity and rollover risk includes the following risks: (1) the City may incur higher renewal fees when renewal agreements are negotiated, and (2) the liquidity bank market may constrict such that it is difficult to secure third party liquidity at any interest rate. *Mitigation* – Negotiate longer terms on provider contracts to minimize the number of rollovers.

2. Derivatives

The use of certain derivative products to hedge variable rate debt, such as interest rate swaps, may be considered to the extent the City has such debt outstanding or under consideration. The City will exercise extreme caution in the use of derivative instruments for hedging purposes, and will consider their utilization only when sufficient understanding of the products and sufficient expertise for their appropriate use has been developed. A comprehensive derivative policy will be adopted by the City prior to any utilization of such instruments.

G. REFUNDING GUIDELINES

The Finance Director shall monitor all outstanding City debt obligations for potential refinancing opportunities. The City will consider refinancing of outstanding debt to achieve annual savings or to refinance a bullet payment or spike in debt service. Except for instances in which a bullet payment or spike in debt service is being refinanced, absent a compelling reason or financial benefit to the City, any refinancing should not result in an increase to the weighted average life of the refinanced debt.

Except for instances in which a bullet payment or spike in debt service is being refinanced, the City will generally seek to achieve debt service savings which, on a net present value basis, are at least 3% of the debt being refinanced. The net present value assessment shall factor in all costs, including issuance, escrow, and foregone interest earnings of any contributed funds on hand. Any potential refinancing shall additionally consider whether an alternative refinancing opportunity with higher savings is reasonably expected in the future. Refundings which produce a net present value savings of less than 3% will be considered on a case-by-case basis. Notwithstanding the foregoing, a refunding by the Successor Agency to the Community Development Commission of the City of Huntington Park shall be determined based on the requirements of Health and Safety Code Section 34177.5.

H. MARKET COMMUNICATION, ADMINISTRATION, AND REPORTING

1. **Rating Agency Relations and Annual or Ongoing Surveillance** – The Finance Director shall be responsible for maintaining the City's relationships with the major rating agencies that rate municipal bond issues (such as S&P Global Ratings, Fitch Ratings and Moody's Investors Service). These agencies' rating criteria often change and the City cannot control the decisions made by any rating agency. However, for each debt issue that the City will seek a rating assignment, the City will strive to obtain and maintain the highest possible underlying, uninsured rating. In addition to general communication, the Finance Director shall:

   a) Ensure the rating agencies are provided updated financial statements of the City as they become publically available.

b) Communicate with credit analysts at each agency as may be requested by the agencies.

c) Prior to each proposed new debt issuance, schedule meetings or conference calls with agency analysts and provide a thorough update on the City's financial position, including the impacts of the proposed debt issuance.

2. **Council Communication** – The Finance Director should report feedback from rating agencies, when and if available, regarding the City's financial strengths and weaknesses and areas of concern relating to weaknesses as they pertain to maintaining the City's existing credit ratings.

3. **Continuing Disclosure Compliance** – The City shall remain in compliance with Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, by filing (to the extent required by the applicable continuing disclosure undertaking) its annual financial statements and other financial and operating data for the benefit of its bondholders within nine months of the close of the fiscal year, or by such other annual deadline required in any continuing disclosure agreement or certificate for any debt issue. The City shall maintain a log or file evidencing that all continuing disclosure filings have been made promptly.

4. **Debt Issue Record-Keeping** – A copy of all debt-related records shall be retained at the City's offices. At minimum, these records shall include all official statements, bond legal documents/transcripts, resolutions, trustee statements, leases, and title reports for each City financing (to the extent available).

Such records shall be retained while any bonds of an issue are outstanding and during the three-year period following the final maturity or redemption of the bond issue or, if later, while any bonds that refund bonds of that original issue are outstanding and for the three year period following the final maturity or redemption date of the latest refunding bond issue.

5. **Arbitrage Rebate** – The use of bond proceeds and their investments must be monitored to ensure compliance with all arbitrage rebate requirements of the Internal Revenue Code and related Internal Revenue Service regulations, in keeping with the covenants of the City and/or related entity in the tax certificate for any federally tax-exempt financing. The Finance Director shall ensure that all bond proceeds and investments are tracked in a manner which facilitates accurate calculation; and, if a rebate payment is due, such payment is made in a timely manner.

I. CREDIT RATINGS

The City will consider published ratings agency guidelines regarding best financial practices and guidelines for structuring its capital funding and debt strategies to maintain the highest possible credit ratings consistent with its current operating and capital needs.

J. CREDIT ENHANCEMENT

Credit enhancement may be used to improve or establish a credit rating on a City debt obligation. Types of credit enhancement include letters of credit, bond insurance and surety policies. The City, in consultation with the City municipal advisor, may determine the use of a credit enhancement, for any debt issue, if it reduces the overall cost of the proposed financing or if the use of such credit enhancement furthers the City's overall financing objectives.

K. **SB 1029 COMPLIANCE**

Senate Bill 1029, signed by the State Governor on September 12, 2016, and enacted as Chapter 307, Statutes of 2016, requires issuers to adopt debt policies addressing each of the five items below:

i. *The purposes for which the debt proceeds may be used.*

Section C.2 (Acceptable Uses of Debt and Proceeds of Debt) and Section C.3 (Prohibited Use of Debt and Proceeds of Debt) address the purposes for which debt proceeds may be used.

ii. *The types of debt that may be issued.*

Section C.3 (Short-Term Debt), Section D (Types of Financing Instruments; Affordable and Planning Policies), Section E (Structure of Debt) and Section F (Use of Alternative Debt Instruments) are among the provisions that provide information regarding the types of debt that may be issued.

iii. *The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.*

Section C.1 (Acceptable Conditions for the Use of Debt) provides information regarding the relationship between the City's debt and Capital Improvement Program.

iv. *Policy goals related to the issuer's planning goals and objectives.*

As described in Section B (BACKGROUND), Section D (TYPES OF FINANCING; AFFORDABILITY AND PLANNING POLICIES) and other sections, this Policy has been adopted to assist with the City's goal of maintaining fiscal sustainability and financial prudence.

v. *The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.*

Section 4 (Internal Control Procedures Concerning Use of Proceeds of Debt) provides information regarding the City's internal control procedures designed to ensure that the proceeds of its debt issues are spent as intended.

GLOSSARY

Ad Valorem Tax: A tax calculated "according to the value" of property. In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the unsecured property, but may become a lien on certain other property owned by the taxpayer.

Annual Coverage Ratio*:* With respect to any bonds that are secured by a particular source of revenue for a particular 12 month period, the ratio obtained from dividing the estimated dollar amount of the revenue during such period by the scheduled principal and interest payment for the bonds during such period.

Anticipation Notes*:* Short term notes (such as Tax and Revenue Anticipation Notes, Grant Anticipation Notes and Bond Anticipation Notes) issued to provide interim financing anticipated to be paid off from sources to be received at or before the maturity date of the anticipation notes (such as tax revenues, grant funds, proceeds of long-term bonds).

Arbitrage: The gain that may be obtained by borrowing funds at a lower (often tax-exempt) rate and investing the proceeds at higher (often taxable) rates. The ability to earn arbitrage by issuing tax-exempt securities has been severely curtailed by the Internal Revenue Code of 1986, as amended.

Assessed Valuation: The "value" of property as set by a taxing authority (such as the county assessor) on the tax roll for purposes of ad valorem taxation.

Bond: A security that represents an obligation to pay a specified amount of money on a specific date in the future, typically with periodic interest payments.

Bond Anticipation Notes: Short-term notes issued usually for capital projects and paid from the proceeds of the issuance of long-term bonds. Provide interim financing in anticipation of bond issuance.

Bond Counsel: A specialized, qualified attorney retained by the issuer to give a legal opinion concerning the validity of securities. The bond counsel's opinion usually addresses the subject of tax exemption. Bond counsel typically prepares and/or advises the issuer regarding legal structure, authorizing resolutions, trust indentures and the like.

Bond Insurance: A type of credit enhancement whereby an insurance company indemnifies an investor against default by the issuer. In the event of failure by the issuer to pay principal and interest in full and on time, investors may call upon the insurance company to do so. Once issued, the municipal bond insurance policy is generally irrevocable. The insurance company receives its premium when the policy is issued and this premium is typically paid out of the bond issue.

Capital Appreciation Bond: A municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment representing both the initial principal amount and the total investment return.

CDIAC: California Debt and Investment Advisory Commission.

Certificates of Participation: A financial instrument representing a proportionate interest in payments (such as lease payments) by one party (such as a city acting as a lessee) to another party (often a JPA or non-profit).

Competitive Sale: A sale of bonds in which an underwriter or syndicate of underwriters submit sealed bids to purchase the bonds. Bids are awarded on a true interest cost basis (TIC), providing that other bidding requirements are satisfied. Competitive sales are recommended for simple financings with a strong underlying credit rating. This type of sale is in contrast to a Negotiated Sale

Continuing Disclosure: An issuer's obligations under its continuing disclosure agreements executed in connection with its bond issues. See "Rule 15c2-12" below. Under each continuing disclosure agreement, the issuer agrees to periodically provide certain relevant information and make such information available to the investing market. The information is generally required to be posted on MSRB's Electronic Municipal Market Access (EMMA) website.

Credit Enhancement: An instrument (such as a bond insurance policy, a debt service reserve insurance policy or surety bond, a letter of credit) which may be purchased to provide additional assurance that the repayment of the debt will be honored, and hence may enhance the credit rating for the debt issue.

Credit Rating Agency: A company that rates the relative credit quality of a bond issue and assigns a letter rating. These rating agencies include Moody's Investors Service, Standard & Poor's, and Fitch Ratings.

Debt Limit: The maximum amount of debt that is legally permitted by applicable charter, constitution, or statutes.

Debt Service: The amount necessary to pay principal and interest requirements on outstanding bonds for a given year or series of years.

Default: The failure to pay principal or interest in full or on time and, in some cases, the failure to comply with non-payment obligations after notice and the opportunity to cure.

Derivative: A financial instrument which derives its own value from the value of another instrument, usually an underlying asset such as a stock, bond, or an underlying reference such as an interest rate index.

Disclosure Counsel: A specialized, qualified attorney retained to provide advice on issuer disclosure obligations, to prepare the official statement and to prepare the continuing disclosure undertaking.

Discount: The difference between a bond's par value and the price for which it is sold when the latter is less than par. Also known as "underwriter discount," this is the fee paid to the underwriter its banking and bond marketing services.

Enterprise Activity: Specific activity that generates revenues. Common examples include water, wastewater and solid waste enterprises. A use of revenues generated by an enterprise activity for purposes unrelated to that enterprise is often subject to restrictions imposed by law. Debt service on bonds issued to finance facilities or projects for an enterprise is usually paid with the revenues of such enterprise.

Financing Team: The working group of City staff and outside consultants necessary to complete a debt issuance.

Indenture: A contract between the issuer and the trustee stipulating the characteristics of the financial instrument, the issuer's obligation to pay debt service, and the remedies available to the trustee in the event of default.

Issuance Costs: The costs incurred by the bond issuer during the planning and sale of securities. These costs include by are not limited to municipal advisory, bond counsel, disclosure counsel, printing, advertising costs, credit enhancement, rating agencies fees, and other expenses incurred in the marketing of an issue.

Lease: An obligation wherein a lessee agrees to make payments to a lessor in exchange for the use of certain property. The term may refer to a capital lease or to an operating lease.

Lease Revenue Bonds: Bonds that are secured by the revenue from lease payments made by one party to another.

Maturity Date: The date upon which a specified amount of debt principal or bonds matures, or becomes due and payable by the issuer of the debt.

Municipal Advisor: A consultant who provides the municipal issuer with advice on the structure of the bond issue, timing, terms and related matters for a new bond issue.

Municipal Securities Rulemaking Board (MSRB): A self-regulating organization established on September 5, 1975 upon the appointment of a 15-member board by the Securities and Exchange Agreement. The MSRB, comprised of representatives from investment banking firms, dealer bank representatives, and public representatives, is entrusted with the responsibility of writing rules of conduct for the municipal securities market. The MSRB hosts the EMMA website, which hosts information posted by issuers under their continuing disclosure undertakings.

Negotiated Sale: A sale of securities in which the terms of the sale are determined through negotiation between the issuer and the purchaser, typically an underwriter, without competitive bidding. The negotiated sales process provides control over the financing structure and issuance timing. Negotiated sales are recommended for unusual financing terms, period of market volatility and weaker credit quality. A thorough evaluation, usually with the assistance of the City's Municipal Advisor, of the proposed bond's credit characteristics in conjunction with market conditions will be performed to ensure reasonable final pricing and underwriting spread.

Net Present Value (NPV) – A financial measurement whereby savings of a transaction are discounted back to money into a "today's" dollars equivalent. Often the discount rate used is the true interest cost (TIC—see definition below) rate on the proposed new bond issuance. Typically, in the municipal market place it is common to then divide the NPV value by the outstanding par amount of the bonds that are to be refunded to develop a percentage value.

Official Statement (Prospectus): A document published by the issuer in connection with a primary offering of securities that discloses material information on a new security issue including the purposes of the issue, how the securities will be repaid, and the financial, economic and social characteristics of the security for the bonds. Investors may use this information to evaluate the credit quality of the securities.

Par Value: The face value or principal amount of a security.

Pension Obligation Bonds: Financing instruments used to pay some or all of the unfunded pension liability of a pension plan. POBs are issued as taxable instruments over a 10-40 year term or by matching the term with the amortization period of the outstanding unfunded actuarial accrued liability.

Premium: The excess of the price at which a bond is sold over its face value.

Present Value: The value of a future amount or stream of revenues or expenditures.

Private Placement: A bond issue that is structured specifically for one purchaser. Private placements are typically carried out when extraneous circumstances preclude public offerings. A private placement is considered to be a negotiated sale.

Redemption: Depending on an issue's call provisions, an issuer may on certain dates and at certain premiums, redeem or call specific outstanding maturities. When a bond or certificate is redeemed, the issuer is required to pay the maturities' par value, the accrued interest to the call date, plus any premium required by the issue's call provisions.

Refunding: A procedure whereby an issuer refinances an outstanding debt issue by issuing a new debt issue.

Rule 15c2-12: Rule adopted by the Securities and Exchange Commission setting forth certain obligations of (i) underwriters to receive, review and disseminate official statements prepared by issuers of most primary offering of municipal securities, (ii) underwriters to obtain continuing disclosure agreements from issuers and other obligated persons to provide ongoing annual financial information on a continuing basis, and (iii) broker-dealers to have access to such continuing disclosure in order to make recommendations of municipal securities in the secondary market.

Reserve Fund: A fund established by the indenture of a bond issue into which money is deposited for payment of debt service in case of a shortfall in current revenues.

Revenue Bond: A bond which is payable from a specific source of revenue and to which the full faith and credit of an issuer is not pledged. Revenue bonds are payable from identified sources of revenue, and do not permit the bondholders to compel a jurisdiction to pay debt service from any other source. Pledged revenues often are derived from the operation of an enterprise.

Secondary Market: The market in which bonds are sold after their initial sale in the new issue market.

Serial Bonds: Bonds of an issue that mature in consecutive years or other intervals and are not subject to mandatory sinking fund provisions.

Tax and Revenue Anticipation Notes (TRANS): Short term notes issued in anticipation of receiving tax receipts and revenues within a fiscal year. TRANs allow the municipality to manage the period of cash shortfalls resulting from a mismatch between timing of revenues and timing of expenditures.

Term Bonds: Bonds that come due in a single maturity but where the issuer may agree to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity and for payment at maturity.

True Interest Cost (TIC): Under this method of computing the interest expense to the issuer of bonds, true interest cost is defined as the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds. Interest is assumed to be compounded semi-annually. TIC computations produce a figure slightly different from the net interest cost (NIC) method because TIC considers the time value of money while NIC does not.

Trustee: A bank retained by the issuer as custodian of bond proceeds and official representative of bondholders. The trustee ensures compliance with the indenture. In many cases, the trustee also acts as paying agent and is responsible for transmitting payments of interest and principal to the bondholders.

Underwriter: A broker-dealer that purchases a new issue of municipal securities from the issuer for resale in a primary offering. The bonds may be purchased either through a negotiated sale with the issuer or through a competitive sale.

Weighted Average Useful Life: In reference to a particular bond issue, the weighted average useful life of the assets financed with the proceeds of the bonds is calculated by giving weight to both the relative dollar amount spent on each asset and the useful life of that asset.

Yield: The net rate of return, as a percentage, received by an investor on an investment. Yield calculations on a fixed income investment, such as a bond issue, take purchase price and coupon into account when calculating yield to maturity.

CITY OF HUNTINGTON PARK

Finance Department
City Council Agenda Report

May 29, 2018

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

CONSIDERATION AND APPROVAL OF A RESOLUTION AFFIRMING SUBORDINATION OF REIMBURSEMENT OBLIGATIONS OWED BY SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF HUNTINGTON PARK UNDER A 2007 AMENDED AND RESTATED REIMBURSEMENT AGREEMENT WITH RESPECT TO PLEDGE OF PROPERTY TAX REVENUES

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Adopt Resolution No. 2018-12, affirming subordination of reimbursement obligations owed by the Successor Agency to the Community Development Commission of the City of Huntington Park under a 2007 Amended and Restated Reimbursement Agreement with respect to pledge of property tax revenues and taking related actions.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In 2007, the City entered into a financing lease arrangement with All Points Public Funding, LLC, (the All Points Financing Lease), under which the City agreed to make lease payments until December 2025. The purpose of the All Points Financing Lease was to refund obligations previously incurred to refinance debt of the former Huntington Park Redevelopment Agency, the predecessor to the Community Development Commission of the City of Huntington Park (the Former CDC).

The City and the Former CDC entered into an agreement (the 2007 Reimbursement Agreement), so that the Former CDC would make reimbursements to the City (the Reimbursement Payments) to cover the lease payments due under the All Points Financing Lease. The Reimbursement Payments owed to the City are secured by a pledge of "Surplus Tax Revenues." "Surplus Tax Revenues" refer to property tax revenues (*i.e.*, tax increment) allocated to the Former CDC (not the Successor Agency) with respect to the Santa Fe Project Area, *in excess of* the amounts owed to Union Bank under a 2007 loan agreement (the 2007 Union Bank Loan). In other words, the

Reimbursement Payments owed to the City rank subordinate to the 2007 Union Bank Loan with respect to the pledge of Santa Fe Project Area tax increment.

The Successor Agency is working to obtain a new loan (the 2018 Refunding Loan) to refund, in part, the 2007 Union Bank Loan. Staff recommends that the City Council adopt the attached Resolution to affirm that, regarding the pledge of property tax revenues with respect to the Santa Fe Project Area, the pledge securing the Reimbursement Payments will be subordinate to the 2018 Refunding Loan. This affirmation is necessary for the Successor Agency to accomplish a successful refunding.

FISCAL IMPACT/FINANCING

A balloon payment will be due on the 2007 Union Bank Loan, upon its maturity on August 3, 2018. The Successor Agency must complete its refunding before such payment date to avoid a default. This affirmation is necessary for the Successor Agency to accomplish a successful refunding.

CONCLUSION

Upon Council approval, the Mayor (and in the Mayor's absence, the Vice Mayor) and the City Manager, will each be authorized to execute documents and take actions as necessary or appropriate to clarify and effectuate the City's agreement to subordination.

Respectfully submitted,

RICARDO REYES
Interim City Manager

NITA MCKAY
Finance Director

ATTACHMENT(S)

A. Resolution No. 2018-12
B. 2007 Amended and Restated Reimbursement Agreement

ATTACHMENT “A”

RESOLUTION NO. 2018-12

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTINGTON PARK AFFIRMING SUBORDINATION OF REIMBURSEMENT OBLIGATIONS OWED BY THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF HUNTINGTON PARK UNDER A 2007 AMENDED AND RESTATED REIMBURSEMENT AGREEMENT WITH RESPECT TO PLEDGE OF PROPERTY TAX REVENUES AND TAKING RELATED ACTIONSOF PROPERTY TAX REVENUES AND TAKING RELATED ACTIONS

WHEREAS, pursuant to authority granted under California Health and Safety Code ("HSC") Section 34100 *et seq.*, the Community Development Commission of the City of Huntington Park (the "Former CDC") operated as a redevelopment agency under the Community Redevelopment Law (set forth in Part 1 of Division 24 of the HSC); and

WHEREAS, the City of Huntington Park (the "City") and the Former CDC entered into a 2007 Amended and Restated Reimbursement Agreement, dated as of October 10, 2007 (the "2007 Reimbursement Agreement"), pursuant to which the Former CDC agreed to make payments (the "Reimbursement Payments") to reimburse the City for certain obligations incurred by the City to assist the Former CDC with respect to the refunding of the Former CDC's prior debt; and

WHEREAS, the 2007 Reimbursement Agreement references a Loan Agreement, dated as of February 1, 2007 (the "2007 Union Bank Loan Agreement"), by and between the Former CDC and Union Bank of California, N.A. ("Union Bank"), pursuant to which Union Bank made a loan (the "2007 Union Bank Loan") to the Former CDC; and

WHEREAS, the 2007 Reimbursement Agreement provides that, the Reimbursement Payments owed to the City are secured by a pledge of "Surplus Tax Revenues," referring to property tax revenues allocated to the Former CDC with respect to the Santa Fe Project Area *in excess* of the amounts owing under the 2007 Union Bank Loan Agreement; and

WHEREAS, pursuant to AB X1 26 (enacted in June 2011) and the California Supreme Court's decision in *California Redevelopment Association, et al. v. Ana Matosantos, et al., 53 Cal. 4th 231 (2011)*, the Former CDC was dissolved as of February 1, 2012; the Successor Agency to the Community Development Commission of the City of Huntington Park (the "Successor Agency") was constituted as the successor to the Former CDC; and an Oversight Board to the Successor Agency (the "Oversight Board") was established; and

WHEREAS, the Successor Agency is undertaking proceedings to incur a new loan under a loan agreement (the "SA Refunding Loan Agreement") to refund the 2007 Union Bank Loan; and

WHEREAS, to assist the Successor Agency with its refunding, the City desires to affirm the City's intent and agreement that, pertaining to the pledge of property tax revenues with respect to the Santa Fe Project Area, the pledge securing the Reimbursement Payments shall be subordinate to any pledge of such property tax revenues to secure the Successor Agency's payments under the SA Refunding Loan Agreement;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF HUNTINGTON PARK, HEREBY FINDS, DECLARES AND RESOLVES AS FOLLOWS:

SECTION 1. The above recitals are true and correct and are a substantive part of this Resolution.

SECTION 2. The City hereby affirms its agreement that, pertaining to the pledge of property tax revenues with respect to the Santa Fe Project Area, the pledge securing the Reimbursement Payments shall be subordinate to any pledge of such property tax revenues to secure the Successor Agency's payments under the SA Refunding Loan Agreement. The Mayor (and in the Mayor's absence, the Vice Mayor) and the City Manager, and each of them acting individually, are hereby authorized to execute such documents and take such other actions as they deem necessary or appropriate, to clarify and effectuate the City's agreement to subordination.

SECTION 3. The officers of the City are hereby authorized, jointly and severally, to execute and deliver any and all necessary instruments and to do all things which they may deem necessary or proper to effectuate the purposes of this Resolution and such actions previously taken by such officers are hereby ratified.

SECTION 4. This Resolution shall take effect upon adoption. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 29th day of May, 2018.

Jhonny Pineda, Mayor

ATTEST:

Donna G. Schwartz, CMC
City Clerk

ATTACHMENT “B”

2007 AMENDED AND RESTATED REIMBURSEMENT AGREEMENT

This 2007 Amended and Restated Reimbursement Agreement (this "Agreement") is entered into this 10th day of October, 2007, by and between the COMMUNITY DEVELOPMENT COMMISSION OF HUNTINGTON PARK (the "Agency") and the CITY OF HUNTINGTON PARK (the "City") and amends and restates in its entirety that certain Amended and Restated Reimbursement Agreement dated as of October 1, 1997 between the Agency (under its prior name, the "Huntington Park Redevelopment Agency") and the City which, in turn, amended and restated that certain Reimbursement Agreement dated as of June 1, 1994 between the Agency and the City (together, the "Original Agreement").

RECITALS:

WHEREAS, the Agency is a duly constituted redevelopment agency under the laws of the State of California, including in particular the Community Redevelopment Law of the State of California, constituting Part 1 of Division 2 of the Health and Safety Code, as amended (the "Law"), and pursuant to such laws has duly proceeded with the redevelopment of the Santa Fe Project Area (the "Project Area");

WHEREAS, the parties hereto in consideration of their mutual undertakings, past and present, herein and otherwise, desire that the Agency continue with its redevelopment activities within the Project Area, which activities are of general benefit to all residents of the City;

WHEREAS, the Agency and James R. Watson ("Watson") entered into a Disposition and Development Agreement (the "DDA") for development of a Shopping Center known as Margarita Plaza (Project No. 67) ("Margarita Plaza") on January 6, 1986 and the rights of Watson as developer under the DDA have been assigned to Margarita Plaza Partners, a California general partnership ("MPP") and Alpha Beta Company, a California corporation ("Alpha Beta") as to the development of their respective parcels in the Margarita Plaza;

WHEREAS, pursuant to the terms of the DDA, the Agency purchased parcels and entered into escrows to purchase parcels which were subsequently conveyed by the Agency to MPP and The Boys Markets, Inc., predecessor and Alpha Beta ("Boys") for purposes of the development of Margarita Plaza;

WHEREAS, to assist in the acquisition of such parcels and otherwise further the development of Margarita Plaza, and pursuant to a Loan Agreement and Agreement for Allocation and Distribution of Tax Increment Funds dated January 25, 1988, by and between the Agency, MPP, and Boys, (the "Loan Agreement"), MPP and Boys agreed to and did provide loans to the Agency evidenced by promissory notes (the "Prior Debt"), the repayment of which was secured by the Agency's irrevocable pledge to tax allocation revenues from the Santa Fe Redevelopment Project (such Prior Debt is more particularly described in that certain Final Settlement Agreement dated as of October 9, 1997 by and among the Agency, the City, MPP, Alpha Beta and Watson);

WHEREAS, pursuant to the terms of the Loan Agreement, the Agency irrevocably pledged any and all tax allocation revenues obtained by the Agency from the Project Area for repayment of the Prior Debt from Boys and MPP and the Loan Agreement provided that the Agency would issue a tax allocation bond to repay the moneys owed to MPP and Alpha Beta at such time as it was able to issue such a bond in an amount that would net a sum equal to or exceeding the remaining principal and interest owed to MPP and Alpha Beta;

WHEREAS, pursuant to an Agreement made and entered into as of the 15th day of June, 1992, the parties amended the original Loan Agreement and the terms thereof and in addition to the Loan Agreement, the Agency, MPP and Alpha Beta entered into an Agreement dated as of the 6th day of August, 1990 and into an Addendum to Loan Agreement and Agreement for Allocation and Distribution of Tax Increment Funds, dated as of the 15th day of June, 1992, each such Agreement clarifying the terms of repayment of the Prior Debt;

WHEREAS, the Agency has also borrowed money from Watson (the "Watson Note") secured by tax increment revenues of the Agency from the Project Area subordinate to the Prior Debt;

WHEREAS, the Agency filed an action in the Superior Court of the State of California for the County of Los Angeles Case No. BC 066725 (the "Validation Action") in which the Agency sought confirmation of the Agency's ability to issue the tax allocation bonds;

WHEREAS, the Agency entered into a settlement agreement with T&R Foods, Inc. and a settlement agreement with Edwin R. Hayek and Jolanta M. Hayek, in order to conclude the Validation Action;

WHEREAS, the Agency issued approximately $1,005,000 aggregate principal amount of its Huntington Park Redevelopment Agency 1994 Tax Allocation Revenue and Refunding Bonds (the "1994 Agency Bonds"), which 1994 Agency Bonds are senior to the Prior Debt and the Watson Note;

WHEREAS, the 1994 Agency Bonds were sold to the Huntington Park Public Financing Authority (the "Authority"), which assigned its rights thereunder to a trustee which executed and delivered its 1994 Local Agency Revenue Bonds, Series D and Series E (the "1994 Series D Authority Bonds," the "1994 Series E Authority Bonds," and collectively, the "1994 Authority Bonds");

WHEREAS, the proceeds of the 1994 Series D Authority Bonds were used to purchase the 1994 Agency Bonds, and the proceeds of the 1994 Authority Bonds and/or the 1994 Agency Bonds were used to pay costs of issuance of the 1994 Authority Bonds, to pay costs of issuance of the 1994 Agency Bonds, to pay a portion of the Prior Debt, to pay the amounts payable under the Settlement Agreements, to establish a reserve fund for the 1994 Agency Bonds, to establish a reserve fund for the 1994 Series E Authority Bonds, and to provide capitalized interest for the Agency Bonds and for the 1994 Series E Authority Bonds;

WHEREAS, the City entered into a Ground Lease, dated as of June 1, 1994 ("the 1994 Ground Lease") and a Lease dated as of June 1, 1994 (the "1994 Lease") with the Authority whereby the Authority agreed to apply a portion of the proceeds of the 1994 Series E Authority Bonds to the payment a portion of the Prior Debt and the City agreed to make Base Rental payments and Additional Rental payments (as defined in the 1994 Lease);

WHEREAS, the 1994 Series E Authority Bonds are also secured by an assignment of the Base Rental payments of the City pursuant to the 1994 Lease; and

WHEREAS, the Agency and the City entered into the Original Agreement to provide that the City would refinance a portion of the Agency's Prior Debt and Agency would pay to the City an amount equal to the Base Rental payments and Additional Rental payments paid by the City under the 1994 Lease, but only to the extent Agency tax increment revenues exceed certain amounts as set forth in the Original Agreement;

WHEREAS, the Agency has previously issued its $3,250,000 aggregate principal amount Huntington Park Redevelopment Agency Huntington Park Amended Merged Project Area (Santa Fe Redevelopment Project) 1997 Tax Allocation Revenue and Refunding Bonds (the "1997 Agency Bonds") and used a portion of the proceeds to refund the 1994 Agency Bonds (and thereby refunded the 1994 Series D Authority Bonds) and to pay a portion of the remaining unpaid Prior Debt (the amount of $3,652,446.03 was applied towards payment of the unpaid Prior Debt as follows: $2,590,395.69 of such amount was paid to Margarita Plaza and the remaining $1,062,050.34 was paid to Alpha Beta);

WHEREAS, the 1997 Agency Bonds have been refunded and redeemed with proceeds of a loan to the Agency under a Loan Agreement (Santa Fe) dated as of February 1, 2007 (the "2007 Santa Fe Loan Agreement") by and between the Agency and Union Bank of California, N.A.;

WHEREAS, the Authority, for the benefit of the City and the Agency, has previously issued its $8,580,000 aggregate principal amount of its Huntington Park Public Financing Authority Lease Revenue Bonds 1997 Series A (Wastewater System Project) (the "1997 Authority Bonds") the proceeds of which were used to pay the costs of issuance of the 1997 Authority Bonds, to establish a reserve fund for the 1997 Authority Bonds, to provide capitalized interest for the 1997 Authority Bonds, to advance refund and defease the 1994 Series D Authority bonds and to provide monies to the Agency to pay the remaining unpaid Prior Debt;

WHEREAS, the City has previously entered into an Amended Ground Lease, dated as of October 1, 1997 (the "1997 Amended Ground Lease") and an Amended and Restated Lease dated as of October 1, 1997 (the "1997 Amended Lease"), with the Authority whereby the Authority agreed to apply a portion of the proceeds of the 1997 Authority Bonds to the payment of the remaining unpaid Prior Debt and the City agreed to make Base Rental Payments and Additional Rental payments (as defined in the 1997 Amended Lease); to repay the 1997 Authority Bonds;

WHEREAS, the City has determined, in order to reduce its annual lease payments, to refinance its obligation to make lease payments under the 1997 Amended Lease by entering into a Second Amended and Restated Ground Lease (the "2007 Amended Ground Lease") and a Second Amended and Restated Lease Agreement (the "2007 Amended Lease");

WHEREAS, under the 2007 Amended Lease, the City will be obligated to make Lease Payments (as defined in the 2007 Amended Lease and referred to herein as "Lease Payments") and certain additional payments described in Section 4.6 of the 2007 Amended Lease (the "Additional Payments");

WHEREAS, the Agency and the City desire to enter into this Amended and Restated Reimbursement Agreement, to acknowledge that the City has financed Prior Debt for the benefit of the Agency and that the Agency will pay to the City an amount equal to the Lease Payments and Additional Payments paid by the City under the 2007 Amended Lease, but only to the extend Agency tax increment revenues exceed certain amounts as set forth in this 2007 Amended and Restated Reimbursement Agreement;

NOW THEREFORE, the City and the Agency agree as follows:

Section 1. Purpose of Agreement. The purpose of this Agreement is to implement the Redevelopment Plan for the Redevelopment Project by (i) facilitating the refinancing of the Agency's obligations undertaken in connection with the Project Area and (ii) providing for Agency's reimbursement to the City of the costs incurred by the City in connection with the 2007 Amended Lease through payments by the Agency of a portion of its property tax increment derived from the Project Area, such payments being subordinate to the Agency's pledge of tax increment revenues under the 2007 Santa Fe Loan Agreement.

Section 2. Execution of 2007 Amended Lease by the City. The City agrees to execute and deliver the 2007 Amended Lease and to pay the Lease Payments and Additional Payments thereunder.

Section 3. Agency's Reimbursement to City, Pledge of Surplus Tax Revenues. The Agency hereby agrees to reimburse the City for the Lease Payments and Additional Payments by paying to the City property tax increment derived from the Project Area in an amount equal to the Lease Payments and Additional Payments paid by the City under the 2007 Amended Lease; *provided, however*, that said amounts shall not be paid in any fiscal year until after payment of the principal, interest and other payments accrued and payable under the 2007 Loan Agreement.

The Agency's obligations to pay the foregoing amounts equal to the amount of Lease Payments and Additional Payments under the 2007 Amended Lease shall be a special obligation of the Agency, payable only from the source specifically set forth above secured by a pledge of the Surplus Tax Revenues (as defined below) and the Agency shall not have any other liability with respect thereto.

"Surplus Tax Revenues" means Tax Revenues required to be deposited into the Special Revenue Fund pursuant to the 2007 Santa Fe Loan Agreement in excess of amounts required to be transferred to the Bank Account (as defined in the 2007 Santa Fe Loan Agreement) for payment of amounts owing under the 2007 Santa Fe Loan Agreement, subject to the approval of such pledge of Surplus Tax Revenues by Union Bank of California, N.A., as lender under the 2007 Santa Fe Loan Agreement.

"Tax Revenues" means (a) those taxes paid to the Agency with respect to the Project pursuant to Article 6 of Chapter 6 of the Law, and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State law, and as provided in the Redevelopment Plan for the Project Area, and (b) reimbursements, subventions (but excluding payments to the Agency with respect to the personal property within the Project Area pursuant to Section 16110, et seq., of the Government Code of the State), or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, but excluding (i) all amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Agency pursuant to Section 3334.3 of the Law, and (ii) all amounts payable by the Agency to affected taxing agencies pursuant to any existing Tax Sharing Agreements.

"Tax Sharing Agreement" means that certain agreement entitled Amended Agreement for Allocation of Tax Increment Funds by and between the County of Los Angeles, the Consolidated Fire Protection District of Los Angeles County, the City and the Agency, dated as of January 30, 990 amending the Agreement for Allocation of Tax Increment funds by and between the County of Los Angeles, the Consolidated Fire Protection District of Los Angeles County, the City and the Agency dated November 20, 1998 (copies of which are on file in the office of the Secretary of the Agency).

Section 4. Amendments, Changes and Modifications. This Agreement shall not be amended, changed, modified, altered or terminated except by writing signed by all parties hereto.

Section 5. Invalid Provisions. If any provision of this Agreement, or the application thereof to any persons, party, transaction or circumstance, is held invalid, the remainder of this Agreement, or the application of such provision to other persons, parties, transactions or circumstances, shall not be affected thereby.

Section 6. Governing Law. The validity, interpretation and performance of this Agreement shall be governed by the laws of the State of California.

Section 7. Execution in Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto execute this 2007 Amended and Restated Reimbursement Agreement on the date first above written.

COMMUNITY DEVELOPMENT COMMISSION
OF HUNTINGTON PARK

By: ______________________
Finance Director

ATTEST:

____
Secretary of the Community Development
Commission of Huntington Park

CITY OF HUNTINGTON PARK

By: ______________________
Finance Director

ATTEST:

____
City Clerk of the City of Huntington Park

CITY OF HUNTINGTON PARK

Department of Public Works
City Council Agenda Report

May 29, 2018

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

CONSIDERATION AND APPROVAL OF T2 EXTENDED WARRANTY ON LUKE II PAY STATIONS

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Approve purchase of T2 Extended Warranty in the amount of $22,050; and

2. Authorize Director of Public Works to execute sales quote.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On March 21, 2017, Council awarded the contract to T2 Systems Canada, Inc., which accepted Pay Station Installation for the Downtown Huntington Park “i-Park” Systems Implementation Project. In April 2017 28 pay stations were installed on Pacific Blvd to replace the outdated mechanical meters.

The current warranty has expired. However, T2 will honor continual support of the warranty if the sales quote is approved. During the first year of service, Public Works made seven (7) warranty based calls/claims with costs ranging from $424.44 to $2,491.13 which were covered by our warranty. In total, $9,400.71 was covered by our initial one (1) warranty. If not approved, the City will be responsible all costs associated with parts and service. Also, calls to customer support for pay station technical support (non-customer service calls) will be charged at $75 per / .5 hr.

The warranty is added insurance and provides the City with peace of mind knowing our investment is protected should our pay stations malfunction.

FISCAL IMPACT/FINANCING

No additional budget appropriation is required. There are necessary funds within account number 231-8010-415.61-20 to cover the expense.

CONCLUSION

Upon City Council approval, staff will proceed with the recommended actions.

Respectfully submitted,

RICARDO REYES
Interim City Manager

DANIEL HERNANDEZ
Public Works Director

ATTACHMENT(S)

A. T2 Sales Quote
B. Warranty Data Sheet

ATTACHMENT “A”

T2 Systems Canada Inc.
4321 Still Creek Drive Suite 330
Burnaby British Columbia V5C 6S7

Phone (888)687-6822
Fax (604)687-4329
US Tax ID# 98-0603996 GST# 86910 7094 RT0001

SALES QUOTE

Quote	QTESTD0000011953
Date	2/13/2018
Page	1
Location	MAIN
Type	QUOTE

Bill To:	**Sell To:**	**Ship To:**
City of Huntington Park 6550 Miles Ave. Huntington Park CA 90255 United States Daniel Hernandez (323)584-6320 dhernandez@hpca.gov	City of Huntington Park 6550 Miles Ave. Huntington Park CA 90255 United States Daniel Hernandez (323)584-6320 dhernandez@hpca.gov 95-6000724	City of Huntington Park 6550 Miles Ave. Huntington Park CA 90255 United States Daniel Hernandez (323)584-6320 dhernandez@hpca.gov

Purchase Order No.	Customer ID	External Doc#	Shipping Method	Payment Terms	Req Ship Date	Master No.
	3554		GROUND	n30	0/0/0000	65,979

End User | Salespersons: Laurie Kehler, Aimee Cook

Freight Terms N/A | Ship Advice Complete | IRIS Profile | Contract Date

Item Number	Description	Quantity	UOM	Disc %	Unit Price	Disc Price	Ext. Price
22970	Warranty 2018 - full SN: 520117130413-42 Expired: 4/7/2018 Renew to: 4/7/2019 30 unit(s) @ $ 735 /unit/yr for 365 days	30.00	Each	0	$735.00	$735.00	$22,050.00
***	. Any costs incurred for non-warranty items through T2 while units were expired will not be covered nor credited. Please review all details on this quote including serial numbers. If you would like to proceed with placing this order, please submit a matching signed quote to fax 604.687.4329.	1	EA	0	$0.00	$0.00	$0.00

Authorized Signature:

Subtotal	$22,050.00
Trade Discount	$0.00
Freight	
Tax	$0.00
Total	$22,050.00

USD

CA COUNTY TAX$0.00 CA SPECIAL TAX$0.00 CA STATE TAX$0.00

Thank you for your business!

Terms and Conditions of Sale are available at http://www.t2systems.com/terms.

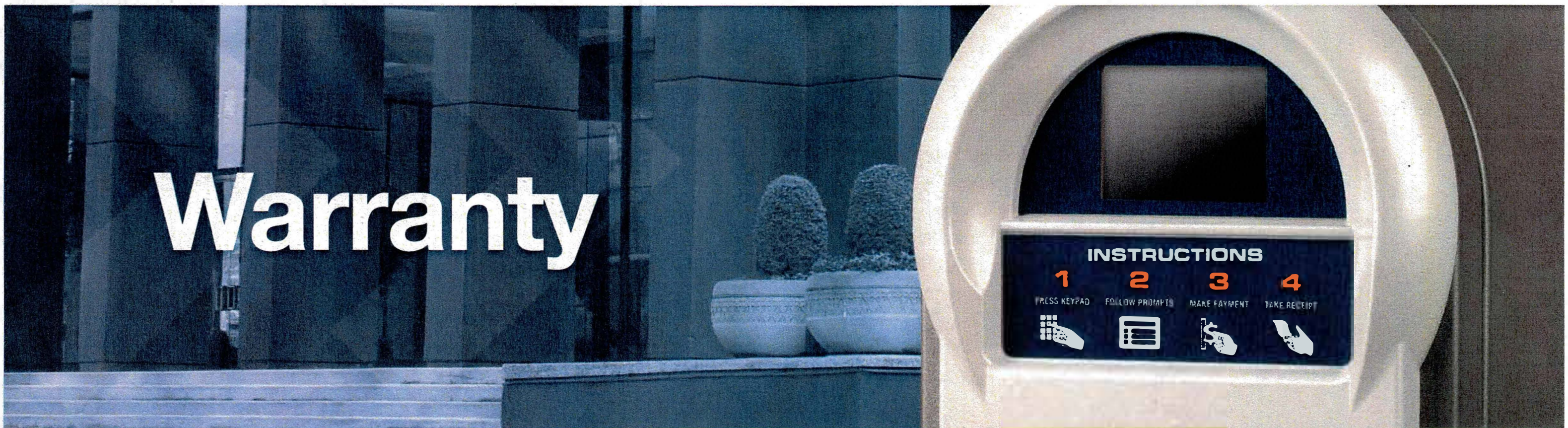
Please note that if sales taxes are not charged, if applicable, taxes should be self-assessed and remitted to the appropriate tax authorities.

ATTACHMENT “B”

DIGITAL PAYMENT TECHNOLOGIES

DATA SHEET

Warranty



Protecting Your Pay Station Investment

Digital Payment Technologies (DPT) stands behind its products with a comprehensive warranty, software update, and technical support program. You can enjoy peace of mind knowing that your investment is protected should anything go amiss. Should you have any technical issues, DPT's expert technical support team is there to support you. You will also benefit from new features as they are delivered, since software updates are included with your warranty.

Standard Warranty

DPT covers all of its pay station products with a one-year standard warranty*, which is included in the purchase price. The warranty includes the following features:

- 1-year return warranty for pay station parts
- 30-day warranty on batteries, locks and keys
- 1-year warranty on spare parts
- 1-year free one-way shipping on replacement parts
- 2-day expedited shipping, during business days, of replacement parts
- 1 year of expert technical support
- 1 year of software updates

Expert Technical Support

DPT's expert technical support team is available to support your pay station and parking operations, with one year of included support:

- Access to 24 x 7 technical support
- 1-year free telephone and e-mail support*
- 1-year discounted pricing on after-hours software telephone and e-mail support

Software Updates

Make sure you get the most out of your pay station by keeping your software up-to-date. DPT includes one year of software updates with each pay station purchase, ensuring you have access to the latest features and defect fixes in order to improve consumer service, make your operation more efficient, and increase revenue.

DIGITAL PAYMENT TECHNOLOGIES

DATA SHEET

Extended Warranty

You can protect your pay station investment by purchasing an extended warranty* that covers pay station parts (excluding batteries), spare parts, software updates, and technical support under the terms described here. Extended warranties can be purchased on an annual basis and are a great way to avoid unforeseen expense and downtime. If a full warranty is not required, it is also possible to purchase only software updates and telephone support.

Full Extended Warranty

- Same features as standard warranty
- Includes software updates and technical support
- Purchased annually

Software Updates and Support Only

- Access to expert technical support
- Receive software updates
- Purchased annually

* Refer to your warranty agreement for complete details