

AGENDA

General Policy Committee Meeting

August 10, 2016

9:00 AM

Location

SANBAG

First Floor Lobby

1170 W. 3rd Street, San Bernardino, CA 92410

General Policy Committee Membership

Chair – SANBAG Vice President

Council Member Alan Wapner
City of Ontario

SANBAG President

Supervisor Robert Lovingood
County of San Bernardino

SANBAG Past President

Council Member Ryan McEachron
City of Victorville

Mt./Desert Representatives

Mayor Pro Tem Bill Jahn
City of Big Bear Lake, *MDC Chair*

Council Member Joel Klink
City of Twentynine Palms

East Valley Representatives

Council Member Frank Navarro
City of Colton, *MVSS Chair*

Darcy McNaboe
City of Grand Terrace

Mayor Rhodes (Dusty) Rigsby
City of Loma Linda

Supervisor James Ramos
County of San Bernardino, *CRTC Chair*

West Valley Representatives

Mayor Dennis Yates
City of Chino

Mayor L. Dennis Michael
City of Rancho Cucamonga

Supervisor Curt Hagman
County of San Bernardino

Ray Wolfe
Executive Director

Eileen Monaghan Teichert
SANBAG Counsel

**San Bernardino Associated Governments
County Transportation Commission
County Transportation Authority
County Congestion Management Agency
Service Authority for Freeway Emergencies**

AGENDA

General Policy Committee Meeting

**August 10, 2016
9:00 AM**

Location

**SANBAG First Floor Lobby
1170 W. 3rd Street, San Bernardino, CA 92410**

CALL TO ORDER

(Meeting Chaired by Alan Wapner)

- i. Pledge of Allegiance
- ii. Attendance
- iii. Announcements
- iv. Agenda Notices/Modifications - Diane Greve

Possible Conflict of Interest Issues

Note agenda item contractors, subcontractors and agents which may require member abstentions due to conflict of interest and financial interests. Board Member abstentions shall be stated under this item for recordation on the appropriate item.

1. Information Relative to Possible Conflict of Interest

Note agenda items and contractors/subcontractors, which may require member abstentions due to possible conflicts of interest.

This item is prepared monthly for review by SANBAG Board and Committee members.

CONSENT CALENDAR

Items listed on the Consent Calendar are expected to be routine and non-controversial. The Consent Calendar will be acted upon as a single motion. Items on the Consent Calendar may be removed for discussion by Board Members.

Consent - Administrative Matters

2. May, June and July 2016 Procurement Report

Receive the May, June and July 2016 Procurement Report.

Presenter: Hilda Flores

This item is not scheduled for review by any other policy committee or technical advisory committee.

3. Measure I Revenue

Receive report on Measure I receipts for Measure I 2010-2040.

Presenter: Hilda Flores

This item is not scheduled for review by any other policy committee or technical advisory committee.

DISCUSSION ITEMS

Discussion - Administrative Matters

4. Measure I Local Pass-Through Compliance Audit for City of Adelanto Fiscal Year 2014/2015

That the General Policy Committee recommend the Board review and receive the Measure I Audit Reports of Local Pass-Through Funds for the City of Adelanto for the year ended June 30, 2015.

Presenter: Hilda Flores

This item is not scheduled for review by any other policy committee or technical advisory committee.

5. Insurance Premium Update

Receive and file report on result of insurance premium for Fiscal Year 2016/2017.

Presenter: Hilda Flores

This item is not scheduled for review by any other policy committee or technical advisory committee.

6. Investment Policy No. 20100

That the General Policy Committee recommend the Board:

A. Approve existing SANBAG Investment Policy No. 20100 with staff recommended changes to Paragraph IX - Allowable Investments for SANBAG Operating Funds, adding subparagraph J and Paragraph XVIII - Annual Submission of Investment Policy.

B. Delegate to SANBAG's treasurer for a one-year period the authority to invest or reinvest funds, or to sell or exchange securities so purchased, pursuant to SANBAG Investment Policy No. 20100.

Presenter: Hilda Flores

This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG's General Counsel has reviewed this item and the Policy.

7. Request for Proposal 17-1001569 Audit Services for Transportation Development Act (TDA) Claimants, Measure I Local Pass-Through Revenue Recipients, and Financial & Compliance Auditing Services for Transit Operators.

That the General Policy Committee recommend the Board approve the release of Request for Proposal 17-1001569 for qualified firms to provide Auditing Services for TDA Claimants and Financial & Compliance Auditing Services for Transit Operators, acting in its capacity as the San Bernardino County Transportation Commission, and for the Measure I Local Pass-Through Revenue Recipients, acting as the San Bernardino County Transportation Authority.

Presenter: Hilda Flores

This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel and the Procurement Manager have reviewed this item and Scope of Services as to form.

8. Policy 11010 – Procurement Standards of Conduct

That the General Policy Committee recommend the Board approve Policy 11010 – Procurement Standards of Conduct.

Presenter: Jeffery Hill

This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel and the Procurement Manager have reviewed this item.

9. Fiscal Year 2015/2016 Work Goals and Objectives Fourth Quarter Report

Receive update on the Fiscal Year 2015/2016 Work Goals and Objectives.

Presenter: Raymond Wolfe

This item is not scheduled for review by any other policy or technical advisory committee.

10. Process to Fill Upcoming Vacancies on the Independent Taxpayer Oversight Committee

That the General Policy Committee recommend the Board approve the process for the selection of two members of the Independent Taxpayer Oversight Committee (ITOC) to fill vacancies that will be created on December 31, 2016 due to term limits.

Presenter: Duane Baker

This item is not scheduled for review by any other policy committee or technical advisory committee.

Discussion - Council of Governments

11. Changes to the Commercial HERO Program Adding Renovate America, Inc.

That the General Policy Committee recommend the Board approve Resolution No. 17-003 authorizing changes to the Commercial HERO Program administered for San Bernardino Associated Governments (SANBAG) by adding Renovate America, Inc.

Presenter: Duane Baker

This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel has reviewed this item, the draft agreements, and draft master indenture.

12. Changes to the Commercial HERO Program Administered by SAMAS Capital, LLC

That the General Policy Committee recommend the Board approve Resolution No. 17-004 authorizing changes to the Commercial HERO Program administered for San Bernardino Associated Governments (SANBAG) by SAMAS Capital, LLC (SAMAS), including: amending the HERO Program Report and the Master Indenture for issuance of bonds secured by assessments on commercial parcels participating in SAMAS Commercial program; and second amendments to the Master Bond Purchase Agreement with SAMAS (C14055) and the Administrative Services Agreement with SAMAS (C14052).

Presenter: Duane Baker

This item is not scheduled for review by any other policy committee or technical advisory committee. This item, the draft resolution, draft amendments, and draft amended and restated Master Indenture, have been reviewed by SANBAG's General Counsel.

Comments from Board Members

Brief comments by Committee Members

Public Comment

Brief comments by General Public

ADJOURNMENT

Additional Information

Attendance Record

SANBAG Entities

Acronym List

Mission Statement

The next meeting of the General Policy Committee will be September 14, 2016

Complete packages of the SANBAG agenda are available for public review at the SANBAG offices and our website: www.sanbag.ca.gov. Staff reports for items may be made available upon request. For additional information call (909) 884-8276.

Meeting Procedures and Rules of Conduct

Meeting Procedures - The Ralph M. Brown Act is the state law which guarantees the public's right to attend and participate in meetings of local legislative bodies. These rules have been adopted by the Board of Directors in accordance with the Brown Act, Government Code 54950 et seq., and shall apply at all meetings of the Board of Directors and Policy Committees.

Accessibility - The SANBAG meeting facility is accessible to persons with disabilities. If assistive listening devices or other auxiliary aids or services are needed in order to participate in the public meeting, requests should be made through the Clerk of the Board at least three (3) business days prior to the Board meeting. The Clerk's telephone number is (909) 884-8276 and office is located at 1170 W. 3rd Street, 2nd Floor, San Bernardino, CA.

Agendas – All agendas are posted at 1170 W. 3rd Street, 1st Floor, San Bernardino at least 72 hours in advance of the meeting. Staff reports related to agenda items may be reviewed at the SANBAG offices located at 1170 W. 3rd Street, 2nd Floor, San Bernardino and our website: www.sanbag.ca.gov.

Agenda Actions – Items listed on both the “Consent Calendar” and “Discussion” contain recommended actions. The Board of Directors will generally consider items in the order listed on the agenda. However, items may be considered in any order. New agenda items can be added and action taken by two-thirds vote of the Board of Directors or unanimous vote of members present as provided in the Ralph M. Brown Act Government Code Sec. 54954.2(b).

Closed Session Agenda Items – Consideration of closed session items excludes members of the public. These items include issues related to personnel, pending litigation, labor negotiations and real estate negotiations. Prior to each closed session, the Chair will announce the subject matter of the closed session. If action is taken in closed session, the Chair may report the action to the public at the conclusion of the closed session.

Public Testimony on an Item – Members of the public are afforded an opportunity to speak on any listed item. Individuals wishing to address the Board of Directors or Policy Committee Members should complete a “Request to Speak” form, provided at the rear of the meeting room, and present it to the Clerk prior to the Board's consideration of the item. A "Request to Speak" form must be completed for each item an individual wishes to speak on. When recognized by the Chair, speakers should be prepared to step forward and announce their name and address for the record. In the interest of facilitating the business of the Board, speakers are limited to three (3) minutes on each item. Additionally, a twelve (12) minute limitation is established for the total amount of time any one individual may address the Board at any one meeting. The Chair or a majority of the Board may establish a different time limit as appropriate, and parties to agenda items shall not be subject to the time limitations. Members of the public requesting information be distributed to the Board of Directors must provide 40 copies of such information in advance of the meeting, except for noticed public hearings. Information provided as public testimony is not read into the record by the Clerk.

The Consent Calendar is considered a single item, thus the three (3) minute rule applies. Consent Calendar items can be pulled at Board member request and will be brought up individually at the specified time in the agenda allowing further public comment on those items.

Agenda Times – The Board is concerned that discussion take place in a timely and efficient manner. Agendas may be prepared with estimated times for categorical areas and certain topics to be discussed. These times may vary according to the length of presentation and amount of resulting discussion on agenda items.

Public Comment – At the end of the agenda, an opportunity is also provided for members of the public to speak on any subject within the Board’s authority. Matters raised under “Public Comment” may not be acted upon at that meeting. “Public Testimony on any Item” still applies.

Disruptive or Prohibited Conduct – If any meeting of the Board is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, the Chair may recess the meeting or order the person, group or groups of person willfully disrupting the meeting to leave the meeting or to be removed from the meeting. Disruptive or prohibited conduct includes without limitation addressing the Board without first being recognized, not addressing the subject before the Board, repetitiously addressing the same subject, failing to relinquish the podium when requested to do so, bringing into the meeting any type of object that could be used as a weapon, including without limitation sticks affixed to signs, or otherwise preventing the Board from conducting its meeting in an orderly manner. Your cooperation is appreciated!

**SANBAG General Practices for Conducting Meetings
of
Board of Directors and Policy Committees**

Attendance.

- The Chair of the Board or a Policy Committee (Chair) has the option of taking attendance by Roll Call or Self-Introductions. If attendance is taken by Roll Call, the Clerk of the Board will call out by jurisdiction or supervisorial district. The Member or Alternate will respond by stating his/her name. If attendance is by Self-Introduction, the Member or Alternate will state his/her name and jurisdiction or supervisorial district.
- A Member/Alternate, who arrives after attendance is taken, shall announce his/her name prior to voting on any item.
- A Member/Alternate, who wishes to leave the meeting after attendance is taken but before remaining items are voted on, shall announce his/her name and that he/she is leaving the meeting.

Basic Agenda Item Discussion.

- The Chair announces the agenda item number and states the subject.
- The Chair calls upon the appropriate staff member or Board Member to report on the item.
- The Chair asks members of the Board/Committee if they have any questions or comments on the item. General discussion ensues.
- The Chair calls for public comment based on “Request to Speak” forms which may be submitted.
- Following public comment, the Chair announces that public comment is closed and asks if there is any further discussion by members of the Board/Committee.
- The Chair calls for a motion from members of the Board/Committee.
- Upon a motion, the Chair announces the name of the member who makes the motion. Motions require a second by a member of the Board/Committee. Upon a second, the Chair announces the name of the Member who made the second, and the vote is taken.
- The “aye” votes in favor of the motion shall be made collectively. Any Member who wishes to oppose or abstain from voting on the motion, shall individually and orally state the Member’s “nay” vote or abstention. Members present who do not individually and orally state their “nay” vote or abstention shall be deemed, and reported to the public, to have voted “aye” on the motion.

The Vote as specified in the SANBAG Bylaws.

- Each Member of the Board of Directors shall have one vote. In the absence of the official representative, the alternate shall be entitled to vote. (Board of Directors only.)
- Voting may be either by voice or roll call vote. A roll call vote shall be conducted upon the demand of five official representatives present, or at the discretion of the presiding officer.

Amendment or Substitute Motion.

- Occasionally a Board Member offers a substitute motion before the vote on a previous motion. In instances where there is a motion and a second, the maker of the original motion is asked if he or she would like to amend his or her motion to include the substitution or withdraw the motion on the floor. If the maker of the original motion does not want to amend or withdraw, the substitute motion is voted upon first, and if it fails, then the original motion is considered.
- Occasionally, a motion dies for lack of a second.

Call for the Question.

- At times, a Member of the Board/Committee may “Call for the Question.”
- Upon a “Call for the Question,” the Chair may order that the debate stop or may allow for limited further comment to provide clarity on the proceedings.
- Alternatively and at the Chair’s discretion, the Chair may call for a vote of the Board/Committee to determine whether or not debate is stopped.
- The Chair re-states the motion before the Board/Committee and calls for the vote on the item.

The Chair.

- At all times, meetings are conducted in accordance with the Chair’s direction.
- These general practices provide guidelines for orderly conduct.
- From time-to-time circumstances require deviation from general practice.
- Deviation from general practice is at the discretion of the Chair.

Courtesy and Decorum.

- These general practices provide for business of the Board/Committee to be conducted efficiently, fairly and with full participation.
- It is the responsibility of the Chair and Members to maintain common courtesy and decorum.

*Adopted By SANBAG Board of Directors January 2008
Revised March 2014
Revised May 4, 2016*

- San Bernardino County Transportation Commission
- San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency
- Service Authority for Freeway Emergencies

Minute Action

AGENDA ITEM: 1

Date: August 10, 2016

Subject:
 Information Relative to Possible Conflict of Interest

Recommendation:
 Note agenda items and contractors/subcontractors, which may require member abstentions due to possible conflicts of interest.

Background:
 In accordance with California Government Code 84308, members of the SANBAG Board may not participate in any action concerning a contract where they have received a campaign contribution of more than \$250 in the prior twelve months from an entity or individual, except for the initial award of a competitively bid public works contract. This agenda contains recommendations for action relative to the following contractors:

Item No.	Contract No.	Principals & Agents	Subcontractors
11	Res. No. 17-003	Renovate America <i>J.P. McNeill</i>	None
12	Res. No. 17-004	SAMAS Capital, LLC <i>Mark Aarvig</i>	None

Financial Impact:
 This item has no direct impact on the SANBAG budget.

Reviewed By:
 This item is prepared monthly for review by SANBAG Board and Committee members.

Responsible Staff:
 Duane Baker, Deputy Executive Director

Approved
 General Policy Committee
 Date: August 10, 2016
 Witnessed By:

Entity: CMA, COG, CTA, CTC, JPA, SAFE

Minute Action

AGENDA ITEM: 2

Date: August 10, 2016

Subject:

May, June and July 2016 Procurement Report

Recommendation:

Receive the May, June and July 2016 Procurement Report.

Background:

The Board of Directors adopted the Contracting and Procurement Policy (Policy No. 11000) on January 3, 1997, and approved the last revision on March 12, 2014. On February 6, 2013, the Board of Directors authorized the Executive Director, or designee, to approve: a) contracts and purchase orders up to \$100,000 and for purchase orders originally \$100,000 or more, increasing the purchase order amount up to 10% of the original purchase order value, not-to-exceed \$25,000; b) amendments with a zero dollar value; c) amendments to exercise the option term if the option term was approved by the Board of Directors in the original contract; and d) amendments that cumulatively do not exceed 50% of the original contract value or \$100,000, whichever is less and to release Request for Proposal (RFP), Request for Quote (RFQ) and Invitation for Bid (IFB) for proposed contracts from which funding has been approved in San Bernardino Associated Governments (SANBAG's) Annual Budget, and which are estimated not-to-exceed \$1,000,000. SANBAG staff has compiled this report that summarizes all contract actions approved by the Executive Director, or designee.

On July 11, 2012, the Board of Directors authorized SANBAG's General Counsel to award and execute legal services contracts up to \$50,000 with outside counsel as needed on behalf of SANBAG and its authorities organized under the umbrella of the Council of Governments. Also, periodically notify the Board after exercising such authority. A list of all Contracts and Purchase Orders that were executed by the Executive Director and/or General Counsel during the months of May, June and July is presented herein as Attachment A, and all RFPs and IFBs are presented in Attachment B.

Financial Impact:

This item imposes no impact on the Fiscal Year 2015/2016 and 2016/2017 budget. Presentation of the monthly procurement report demonstrates compliance with the Contracting and Procurement Policy.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee.

Responsible Staff:

Hilda Flores, Chief of Fiscal Resources

Entity: CMA, COG, CTA, CTC, SAFE

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August 10, 2016
Page 2

Approved
General Policy Committee
Date: August 10, 2016
Witnessed By:

Attachment A

May, June & July Contract Actions

New Contracts Executed:

Contract No.	Description of Specific Services	Vendor Name	Dollar Amount	Description of Overall Program
16-1001474	Public Contracting Legal Services	Gibbs Giden Locher Turner Senet & Wittbrodt, LLP	\$100,000	Legal Services in connection with the I-215 Widening Project, Arbitration Case No. A-002-2016
16-1001508	Zero Emission Truck Development Project	Daylight Transport	\$50,000	Zero Emission Truck Development Project for Intermodal & Warehouse Facilities
16-1001527	Right of Way Permit	MCC Pipeline	\$2,730	Provide right of entry for a 10,000 sq. ft. area

Attachment: Attachment A (2960 : Procurement Report)

Attachment A

May, June & July Amendment Actions

Contract Amendments Executed:

Contract No. & Amendment No.	Reason for Amendment (include a description of the amendment)	Vendor Name	Previous Amendments & Dollar Values	Dollar Amount of Amendment	Amended Contract Total
C03045 Amendment 6	Amendment 6 extends the contract to allow completion of the monitoring period and allow additional time for report preparation and permit close out. Project: Environmental Services for I-215 Bi-County.	LSA Associates	Original \$1,500,000.00 Amendment 1 \$2,342,523.06 Amendment 2 (\$2,026,927.29) Amendment 3 \$0.00 Amendment 4 \$245,218.63 Amendment 5 \$99,858.00	\$0.00	\$2,160,672.40
C10094 Amendment 4	Amendment 4 extends the completion date to June 30, 2019 to allow time to develop as-builts and reconcile ROW costs. Project: PS&E Services for North Vineyard Ave and Union Pacific Railroad Grade Sep.	City of Ontario	Original \$2,436,000.00 Amendment 1 \$520,000.00 Amendment 2 \$176,000.00 Amendment 3 \$120,000.00	\$0.00	\$3,252,000.00
C11123 Amendment 2	Amendment 2 extends the contract completion date to assist in Cherry IC close out and review of contractor potential claims. Project: Construction Management Services for I-10 Citrus and I-10 Cherry Interchange.	Falcon Engineering	Original \$10,914,855.00 Amendment 1 \$0.00	\$0.00	\$10,914,855.00

Attachment: Attachment A (2960 : Procurement Report)

Contract No. & Amendment No.	Reason for Amendment (include a description of the amendment)	Vendor Name	Previous Amendments & Dollar Values	Dollar Amount of Amendment	Amended Contract Total
C11168 Amendment 2	Amendment 2 extends the completion date to June 30, 2019 to allow time to handle loss of goodwill claims and reconcile ROW costs. Project: ROW Services for North Vineyard Ave and Union Pacific Railroad Grade Sep.	City of Ontario	Original \$480,000.00 Amendment 1 \$192,000.00	\$0.00	\$672,000.00
C12233 Amendment 2	Amendment 2 exercises the second of two option years. Project: On-call Labor Compliance Services.	GCAP Services	Original \$300,000.00 Amendment 1 \$0.00 (Shared contract value with Dynamic Engineering, Inc. C13022)	\$0.00	\$300,000.00
C13022 Amendment 2	Amendment 2 exercises the second of two option years. Project: On-call Labor Compliance Services.	Dynamic Engineering, Inc.	Original \$300,000.00 Amendment 1 \$0.00 (Shared contract value with GCAP C12233)	\$0.00	\$300,000.00

Attachment: Attachment A (2960 : Procurement Report)

Attachment A

May, June & July Contract Task Order Actions

Contract Task Order (CTO) Executed:

Contract No. & CTO No.	Description of CTO	Vendor Name	Contract Amount	Previously Issued CTOs	Dollar Amount of CTO
C14086 CTO 37 Amendment 1	Increase to on-call engineering plan review services.	Parsons Brinckerhoff	\$20,000,000.00 (Shared with C14003 Hatch Mott MacDonald)	CTO 1	Original
				\$192,500.00	\$50,000.00
				CTO 2	Amendment 1
				\$963,434.22	\$40,000.00
				CTO 3	Total CTO
				\$20,000.00	\$90,000.00
				CTO 5	
				\$388,136.00	
				CTO 6	
				\$222,070.18	
				CTO 9	
				\$29,917.00	
				CTO 12B	
				\$276,230.96	
				CTO 21	
				\$3,014.70	
				CTO 27	
				\$13,774.98	
				CTO 29	
				\$154,586.83	
CTO 33					
\$377,893.00					
CTO 36					
\$14,762.07					
CTO 39					
\$157,992.10					
CTO 40					
\$34,026.00					
CTO 42					
\$98,993.70					
CTO 45					
\$144,918.90					
CTO 46					
\$132,868.00					

Attachment: Attachment A (2960 : Procurement Report)

Contract No. & CTO No.	Description of CTO	Vendor Name	Contract Amount	Previously Issued CTOs	Dollar Amount of CTO
C14086 CTO 39 Amendment 1	Removed Shortway Quiet Zone and Rancho to Lilac Double track. Added management through construction on Fontana Grade project.	Parsons Brinckerhoff	\$20,000,000.00 (Shared with C14003 Hatch Mott MacDonald)	CTO 1 \$192,500.00 CTO 2 \$963,434.22 CTO 3 \$20,000.00 CTO 5 \$388,136.00 CTO 6 \$222,070.18 CTO 9 \$29,917.00 CTO 12B \$276,230.96 CTO 21 \$3,014.70 CTO 27 \$13,774.98 CTO 29 \$154,586.83 CTO 33 \$377,893.00 CTO 36 \$14,762.07 CTO 37 \$90,000.00 CTO 40 \$34,026.00 CTO 42 \$98,993.70 CTO 45 \$144,918.90 CTO 46 \$132,868.00	Original \$209,788.00 Amendment 1 (\$51,795.90) Total CTO \$157,992.10

Attachment: Attachment A (2960 : Procurement Report)

Contract No. & CTO No.	Description of CTO	Vendor Name	Contract Amount	Previously Issued CTOs	Dollar Amount of CTO
C14086 CTO 45	Project Management Services for Shortway Quiet Zone plus additional work for the construction phase of the project.	Parsons Brinckerhoff	\$20,000,000.00 (Shared with C14003 Hatch Mott MacDonald)	CTO 1 \$192,500.00 CTO 2 \$963,434.22 CTO 3 \$20,000.00 CTO 5 \$388,136.00 CTO 6 \$222,070.18 CTO 9 \$29,917.00 CTO 12B \$276,230.96 CTO 21 \$3,014.70 CTO 27 \$13,774.98 CTO 29 \$154,586.83 CTO 33 \$377,893.00 CTO 36 \$14,762.07 CTO 37 \$90,000.00 CTO 39 \$157,992.10 CTO 40 \$34,026.00 CTO 42 \$98,993.70 CTO 46 \$132,868.00	CTO 45 \$144,918.90

Attachment: Attachment A (2960 : Procurement Report)

Contract No. & CTO No.	Description of CTO	Vendor Name	Contract Amount	Previously Issued CTOs	Dollar Amount of CTO
C14086 CTO 46	Project Management Services for Rancho to Lilac Double Track Project.	Parsons Brinckerhoff	\$20,000,000.00 (Shared with C14003 Hatch Mott MacDonald)	CTO 1 \$192,500.00 CTO 2 \$963,434.22 CTO 3 \$20,000.00 CTO 5 \$388,136.00 CTO 6 \$222,070.18 CTO 9 \$29,917.00 CTO 12B \$276,230.96 CTO 21 \$3,014.70 CTO 27 \$13,774.98 CTO 29 \$154,586.83 CTO 33 \$377,893.00 CTO 36 \$14,762.07 CTO 37 \$90,000.00 CTO 39 \$157,992.10 CTO 40 \$34,026.00 CTO 42 \$98,993.70 CTO 45 \$144,918.90	\$132,868.00

Attachment: Attachment A (2960 : Procurement Report)

Contract No. & CTO No.	Description of CTO	Vendor Name	Contract Amount	Previously Issued CTOs	Dollar Amount of CTO
C12033 CTO 57	Develop coordination signal timing information for new signal at Valley Blvd.	Albert Grover Associates	\$1,000,000.00	CTO 1 to CTO 38 \$515,966.00 CTO 42 19,480.00 CTO 43 \$21,570.00 CTO 45 \$49,488.00 CTO 46 \$18,534.00 CTO 47 \$12,902.00 CTO 48 \$9,890.00 CTO 52 \$5,829.00 CTO 53 \$5,829.00 CTO 55 \$4,638.00 CTO 56 \$5,416.00	\$4,649.00
15-1001226 CTO 2	Audit on procurement procedures and internal control processes.	Conrad LLP	\$500,000.00 (Shared with Macia Gini & O'Connell, 15-1001061)	CTO 1 \$33,569.00 CTO 3 \$40,120.00 CTO 4 \$1,840.00 CTO 5 \$10,480.00	\$11,800.00
16-1001356 CTO 3	Public Outreach I-215/Barton Road Interchange Project.	Caltrop	\$800,000.00 (Shared with SimonWong, 16-1001432 & Michael Baker, 16-1001433)	None	\$75,000.00

Attachment: Attachment A (2960 : Procurement Report)

Attachment A

May, June & July Purchase Order Actions

Purchase Orders:

PO No.	PO Issue Date	Vendor Name	Description of Services	PO Dollar Amount
4001464	06/30/2016	NEOGOVS	Subscription for automated application tracking system.	\$20,130.00
4001467	06/30/2016	Sigmanet, Inc.	Data room hardware to accommodate for office expansion into SCRRA office space.	\$11,333.76
4001474	06/30/2016	Sigmanet, Inc.	Purchase 20 (twenty) new Hewlett-Packard computers.	\$20,112.85
4001476	06/30/2016	CityCom Real Estate Services	Structural engineering services to evaluate crack located in the interior of SANBAG's office space.	\$11,900.00
4001478	06/30/2016	Ecosys	Maintenance agreement for Ecosys licenses.	\$7,622.54
4001481	06/30/2016	Xerox Corporation	Rental fee and extra copies fee for Xerox copier.	\$13,330.24
4001482	06/30/2016	Xerox Corporation	Rental fee and extra copies fee for Xerox copier.	\$10,257.72
4001483	06/30/2016	Xerox Corporation	Rental fee and extra copies fee for Xerox copier.	\$49,869.84
4001484	06/30/2016	Xerox Corporation	Rental fee and extra copies fee for Xerox copier.	\$38,943.88

Attachment: Attachment A (2960 : Procurement Report)

Attachment A

May, June & July Purchase Order Amendment Actions

Purchase Order Amendments Executed:

Purchase Order No. & Amendment No.	Description of Services and Reason for Amendment	Vendor Name	Previous Amendments & Dollar Values	Dollar Amount of Amendment	Amended PO Total
None					

Attachment: Attachment A (2960 : Procurement Report)

Attachment B

May, June & July RFP's and IFB's

Release of RFP's and IFB's

Release Date	RFP/IFB No.	Description of Services	Anticipated Dollar Amount	Anticipated Award Date	Description of Overall Program and Program Budget
6/14/16	16-1001521	FSP Program Digital Radio System and Equipment	\$82,050	10/5/16	Installation of Digital Radio System and Equipment for the Freeway Service Patrol (FSP) Program
				Total	\$82,050

Minute Action

AGENDA ITEM: 3

Date: August 10, 2016

Subject:

Measure I Revenue

Recommendation:

Receive report on Measure I receipts for Measure I 2010-2040.

Background:

Sales tax revenue collections for Measure I 2010 through 2040 began on April 1, 2010. Cumulative total receipts for Fiscal Year 2015/2016 as of June 30, 2016 were \$159,487,730.

Included is a summary of the current Measure I receipts by quarter and cumulative total since its inception. The quarterly receipts represent sales tax collection from the previous quarter taxable sales. For example, receipts for April through June represent sales tax collections from January through March.

Measure I revenue for the 2015/2016 Fiscal Year budget was estimated to be \$149,000,000. Actual Measure I receipts for Fiscal Year 2015/2016 April through June are \$38,929,588, in comparison to \$37,132,591 received during the quarter ending June 2014/2015, with an increase of 4.84%.

Financial Impact:

Measure I revenues are expected to exceed both the budgeted amount and prior years' collections.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee.

Responsible Staff:

Hilda Flores, Chief of Fiscal Resources

Approved
 General Policy Committee
 Date: August 10, 2016

Witnessed By:

Entity: CMA, CTA, CTC

ATTACHMENT A

Summary of SANBAG Measure I Receipts 2010-2040

Fiscal Year	July- September	October- December	January- March	April- June	Fiscal Year Total	Cumulative Total To Date
Receipts Prior to FY 2010/11						\$7,158,800
Fiscal Year 2010/11	28,188,907	29,207,950	28,808,766	29,397,456	115,603,079	\$122,761,879
Fiscal Year 2011/12	31,027,319	33,547,956	32,757,419	33,476,051	130,808,745	\$253,570,624
Fiscal Year 2012/13	34,279,449	35,076,980	34,336,570	34,309,171	138,002,171	\$391,572,794
Fiscal Year 2013/14	35,430,012	35,403,641	36,843,452	35,789,045	143,466,150	\$535,038,944
Fiscal Year 2014/15	37,253,007	38,007,716	38,225,122	37,132,591	150,618,436	\$685,657,380
Fiscal Year 2015/16	39,298,056	40,309,825	40,950,261	38,929,588	159,487,730	\$845,145,110
% Increase Over 14/15	5.49%	6.06%	7.13%	4.84%		

Minute Action

AGENDA ITEM: 4

Date: August 10, 2016

Subject:

Measure I Local Pass-Through Compliance Audit for City of Adelanto Fiscal Year 2014/2015

Recommendation:

That the General Policy Committee recommend the Board review and receive the Measure I Audit Reports of Local Pass-Through Funds for the City of Adelanto for the year ended June 30, 2015.

Background:

Each year San Bernardino Associated Governments (SANBAG) provides for audits of all local jurisdictions receiving Measure I Local Pass-Through Funds, which are dedicated for transportation planning, design, construction, operation and maintenance only.

A financial examination is completed by an independent audit firm for activities during the previous fiscal year, including internal control systems of checks and balances. The examination must encompass both project expenditures and projects for which funds were received but not expended. A listing of all projects comparing actual revenues and expenses to the Measure I Five Year Capital Improvement Plan adopted by the local governing board and reported annually to SANBAG must be included with any interest earned. The report shall also contain an examination of expenditures, statement of revenue and expenses, and balance sheet for each Measure I special revenue fund.

Vavrinek, Trine, Day & Co, LLP (VTD) was selected in July 2012 to conduct Compliance Audits of the Measure I 2010-2040 pass-through funds for a three-year period, with two one-year extensions. SANBAG, VTD, and the local jurisdictions worked through issues of interpretation of policies and procedures related to reporting of Measure I 1990-2010 balances, eligible expenditures, and repayment of ineligible expenditures. In January 2014, the Board approved a modification of pass-through Policies 40003, 40012 and 40016 to better define expectations and processes for this Program.

The audit of the City of Adelanto for Fiscal Year (FY) 2014/2015 contains the following findings:

- The City did not recognize a receivable for MSI revenue for the months of May and June.
Corrective Action: City will record the accrual of MSI revenue in FY 2015 and will ensure future recognition of sales tax receivables.
- Ineligible expenditure was charged to MSI fund.
Corrective Action: The City's Finance department will coordinate efforts with Public Works department that the five year implementation plan is updated and expenditures are

Entity: CTA

General Policy Committee Agenda Item

August 10, 2016

Page 2

charged to eligible Measure I projects.

- Interest earned on money market account was not recorded and reconciled timely.

Corrective Action: The City's Finance department will reconcile the money market account and record the interest timely.

The Financial Statement for the City of Adelanto is included as separate support material.

Financial Impact:

This item has no impact on the adopted SANBAG Fiscal Year 2016/2017 Budget.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee.

Responsible Staff:

Hilda Flores, Chief of Fiscal Resources

Approved
General Policy Committee
Date: August 10, 2016

Witnessed By:

CITY OF ADELANTO, CALIFORNIA

MEASURE I FUNDS

**Financial Statements and
Independent Auditors' Reports**

For the year ended June 30, 2015

CITY OF ADELANTO, CALIFORNIA

**San Bernardino Associated Governments
Measure I Funds
For the Year Ended June 30, 2015**

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
San Bernardino Associated Governments
San Bernardino, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure I Fund 1990-2010 and the Measure I Fund 2010-2040 (Measure I Funds), of the City of Adelanto, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Measure I Funds' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure I Funds of the City as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure I Funds and do not purport to, and do not, present fairly the financial position of the City of Adelanto, California, as of June 30, 2015, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 9 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the *Management's Discussion and Analysis* for the Measure I Funds that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Measure I Funds of the City. The other information on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2016, on our consideration of the City's internal control over financial reporting of the Measure I Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure I Funds' internal control over financial reporting and compliance.


Rancho Cucamonga, California
May 20, 2016

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**BALANCE SHEET
JUNE 30, 2015**

	Measure I Fund 1990-2010	Measure I Fund 2010-2040
ASSETS		
Cash and Investments	\$ 2,416,004	\$ 2,043,177
Receivables:		
Taxes	-	128,769
Due from City of Adelanto	-	32,499
Total Assets	<u>\$ 2,416,004</u>	<u>\$ 2,204,445</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts Payable	<u>\$ -</u>	<u>\$ 6,644</u>
Deferred inflows of resources		
Unavailable revenues - repayments of unallowable costs	<u>-</u>	<u>32,499</u>
Fund Balance:		
Restricted	<u>2,416,004</u>	<u>2,165,302</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,416,004</u>	<u>\$ 2,204,445</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Measure I Fund 1990-2010</u>	<u>Measure I Fund 2010-2040</u>
REVENUES		
Measure I Sales Tax	\$ -	\$ 735,495
Interest Income	767	207
Total Revenues	<u>767</u>	<u>735,702</u>
EXPENDITURES		
Current:		
General Government	-	1,263
Street Maintenance Projects	-	128,492
Capital:		
Construction	904,567	34,950
Total Expenditures	<u>904,567</u>	<u>164,705</u>
REVENUES OVER/(UNDER) EXPENDITURES	<u>(903,800)</u>	<u>570,997</u>
Fund Balance Beginning of Year	<u>3,319,804</u>	<u>1,594,305</u>
Fund Balance End of Year	<u>\$ 2,416,004</u>	<u>\$ 2,165,302</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – GENERAL INFORMATION

Reporting Entity

The financial statements are intended to reflect the financial position and changes in financial position of the Measure I Funds (Measure I Funds) of the City of Adelanto, California (City) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the City and changes in financial position thereof for the year then ended in conformity with generally accepted accounting principles in the United States of America.

Measure I

Measure I is the half-cent sales tax collected throughout San Bernardino County for transportation improvements. In 2004, San Bernardino County voters approved the extension of the Measure I sales tax through 2040. See Note 4 for a detailed description of the Measure.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Measure I Funds of the City conform to accounting policies generally accepted in the United States of America. The following is a summary of significant accounting policies.

A. Basis of Accounting

Governmental Fund Financial Statements

Fund Accounting

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The City accounts for the Measure I activities within its Measure I 1990-2010 and Measure I 2010-2040 Special Revenue Funds.

Special Revenue Funds are used to account for the proceeds of revenue sources that are restricted or committed, to expenditure for specified purposes other than debt service or capital projects.

Measurement Focus and Basis of Accounting

The Special Revenue Funds of the City are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

C. Deferred Inflows of Resources

Deferred inflows of resources, unavailable revenues, represents revenues earned during the period but unavailable to liquidate current liabilities. These amounts are deferred and recognized in the period that the amounts become available.

D. Fund Balances

Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first.

E. Cash and Investments

Cash and investments are pooled to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the Measure I Funds based upon the average cash balance. The investment policies and the risks related to GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, applicable to the Funds, are those of the City and are disclosed in the City's basic financial statements. The City's basic financial statements can be obtained at City Hall.

NOTE 3 – TAXES RECEIVABLE

The taxes receivable represent the Measure I sales tax revenues for the fiscal year received from the San Bernardino County Transportation Authority after June 30, 2015.

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 – MEASURE I FUNDS

The California State Legislature authorized county transportation authorities to enact local option sales tax measures for transportation improvements in the late 1980s, under provisions of Division 19 (commencing with Section 180000) of the Public Utilities Code. In November 1989, San Bernardino County voters approved passage of Measure I, authorizing the San Bernardino County Transportation Authority to impose a half cent retail transactions and use tax applicable in the incorporated and unincorporated areas of the County of San Bernardino for the 20-year period between April 1, 1990 and March 31, 2010. San Bernardino Associated Governments (SANBAG), acting as the Authority, was authorized to administer the programs described in the Measure.

Early in the second decade of Measure I, it became apparent that continuation of the half cent sales tax would be critical to maintaining funding for transportation in San Bernardino County. SANBAG member jurisdictions and transportation stakeholders worked to identify transportation needs, and an expenditure plan was developed to serve as a basis for the renewal of Measure I. Ordinance No. 04-01 was placed before voters in November 2004, and Measure I was renewed. The new Measure I extends the half cent sales tax for 30 years, from April 1, 2010 through March 31, 2040. The new Measure is referred to as Measure I 2010-2040 to distinguish it from the first Measure I. The City of Adelanto accounted for these funding sources in separate Funds which are referred to as Measure I Funds 1990-2010 and Measure I Funds 2010-2040 in these financial statements.

San Bernardino Associated Governments (SANBAG), acting as the Authority, is authorized to administer the programs described in the Measure. The SANBAG Board serves as the Authority Board of Directors. Revenue from the tax can only be used for transportation improvement and traffic management programs authorized in the Expenditure Plan.

Measure I 2010-2040 has a return-to-source provision that states that funds shall be allocated to subareas in accordance with the actual revenue collected in each subarea. After deduction of required Board of Equalization fees and authorized administrative costs, revenues generated in each subarea are to be expended on projects of direct benefit to that subarea. Revenues are accounted for separately for each subarea and then allocated to specified project categories in each subarea. These project categories are termed “programs” in this Strategic Plan. Decisions on how revenues are expended within the subareas are made by the SANBAG Board of Directors, based upon recommendations of local subarea representatives. Other than the projects identified in the Cajon Pass Expenditure Plan, revenues generated within a subarea can be expended outside of that subarea only upon approval of two-thirds (2/3) of the jurisdictions within the affected subarea. A proportional share of projected State and federal transportation funds is to be reserved for use solely within the Valley Subarea and individual Mountain/Desert (Colorado River, Morongo Basin, Mountains, North Desert and Victor Valley) Subareas. In the San Bernardino Valley Subarea, Measure I 2010-2040 contains the following programs:

- Freeway Program
- Freeway Interchange Program
- Major Street Program
- Local Street Program
- Metrolink/Rail Program
- Express Bus/Bus Rapid Transit Program
- Senior and Disabled Transit Program
- Traffic Management Systems Program

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 – MEASURE I FUNDS, (CONTINUED)

In each of the Mountain/Desert Subareas, Measure I 2010-2040 contains the following programs:

- Local Street Program
- Major Local Highway Program
- Senior and Disabled Transit Program

NOTE 5 – DUE FROM THE CITY OF ADELANTO

The amount due from the City of Adelanto of \$32,499 represents expenditures incurred by the fund that were not allowable by the Measure I Strategic Plan. \$31,236 was incurred in fiscal year 2013-14 and \$1,263 was incurred in fiscal year 2014-15. The City has asserted that it will return the funds during fiscal year ended June 30, 2016. The amount is also reported as a deferred inflow of resources as the reimbursements were not received within the availability period.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
MEASURE I FUND 1990-2010
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ 500	\$ 500	\$ 767	\$ 267
EXPENDITURES				
Capital:				
Construction	3,270,000	3,320,000	904,567	2,415,433
Net Change in Fund Balance	(3,269,500)	(3,319,500)	(903,800)	2,415,700
Fund Balance Beginning of Year	3,319,804	3,319,804	3,319,804	-
Fund Balance End of Year	\$ 50,304	\$ 304	\$ 2,416,004	\$ 2,415,700

See accompanying note to required supplementary information.

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
MEASURE I FUND 2010-2040
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Measure I Sales Tax	\$ 572,634	\$ 572,634	\$ 735,495	\$ 162,861
Interest Income	150	150	207	57
Total Revenues	<u>572,784</u>	<u>572,784</u>	<u>735,702</u>	<u>162,918</u>
EXPENDITURES				
Current:				
General Government	-	1,300	1,263	37
Street Maintenance Projects	265,000	263,700	128,492	135,208
Capital:				
Construction	-	1,005,000	34,950	970,050
Total Expenditures	<u>265,000</u>	<u>1,270,000</u>	<u>164,705</u>	<u>1,105,295</u>
Net Change in Fund Balance	307,784	(697,216)	570,997	1,268,213
Fund Balance Beginning of Year	<u>1,594,305</u>	<u>1,594,305</u>	<u>1,594,305</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 1,902,089</u>	<u>\$ 897,089</u>	<u>\$ 2,165,302</u>	<u>\$ 1,268,213</u>

See accompanying note to required supplementary information.

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUND**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 – BUDGETARY DATA

The City adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America.

OTHER INFORMATION

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**PROGRAM STATUS: COMPARISON OF FIVE YEAR PLAN PROJECT
BUDGET TO CURRENT YEAR EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015**

The Measure I Five Year Capital Improvement Plan for local streets was adopted by Council Resolution No. 15-51. Of the funds allocated under the Measure I Five Year Capital Improvement Plan, the following programs were affected during the current fiscal year:

Local Projects:	5-Year Plan Project Budget	Current Fiscal Year Expenditures	Unexpended Budget
Palmdale & Pearmain Pedestrian Improvements (Pearmain East to existing sidewalk and access ramps at begorian & pearmain)	\$ 50,000	\$ -	\$ 50,000
Bellflower Widening Project (Palmdale to existing improvents)	684,932	34,950	649,982
Adelanto Road (Holly to Air Expressway) Rehab & South Bound Closure @395	1,000,000	-	1,000,000
Non-Motorized Transportation Bicycle lane Cactus Rd (Jonathan to 395)	125,000	-	125,000
Aster Rd. Pedestrian Improvements (East Side from North of Seneca to Victor)	100,000	-	100,000
Jonathan Pedestrian trail (East Side from Seneca north to Tara)	100,000	-	100,000
Non-Motorized Transportation Bicycle lane Adelanto Rd (Air Express to Holly)	200,000	-	200,000
Non-Motorized Transportation Bicycle lane Mojave Drive (Aster to 395)	175,000	-	175,000
Victor Pedestrian Improvements (Aster to Pearmain, south side, including connectors from Victor)	616,000	-	616,000
Victor and Pearmain Street Maintenance	1,185	22,778	(21,593)
Cactus and Pearmain Street Maintenance	2,895	-	2,895
HWY 395 Road Widening project Maintenance	4,525,000	880,526	3,644,474
Traffic Survey & Warrant Studies	30,000	-	30,000
City Wide Pavement Management System	797,000	129,755	667,245
City Wide Streetscaping and Complete Streets Modifications	797,000	-	797,000
	<u>\$9,204,012</u>	<u>\$ 1,068,009</u>	<u>\$ 8,136,003</u>
		\$ 904,567	
		164,705	
		(1,263)	
		<u>\$ 1,068,009</u>	

Total expenditures for Measure I Fund 1990-2010	\$ 904,567
Total expenditures for Measure I Fund 2010-2040	164,705
Less questioned costs included in Measure I Fund 2010-2040	(1,263)
Total expenditures for the year ended June 30, 2015	<u>\$ 1,068,009</u>



Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS AND MEASURE I COMPLIANCE REQUIREMENTS*

To the Board of Directors
San Bernardino Associated Governments
San Bernardino, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure I 1990-2010 and the Measure I 2010-2040 Funds (Measure I Funds) of the City of Adelanto, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Measure I Funds' basic financial statements, and have issued our report thereon dated May 20, 2016. Our report included an emphasis of matter stating that the financial statements of the Measure I Funds do not purport to, and do not, present fairly the financial position of the City as of June 30, 2015. In addition our report included an explanatory paragraph stating that the financial statements do not include Management's Discussion and Analysis.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control described that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as finding 2015-003 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as findings 2015-001 and 2015-002 to be significant deficiencies.

Compliance and Other Matters

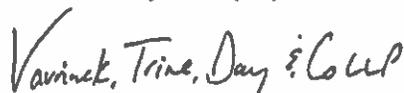
As part of obtaining reasonable assurance about whether the financial statements of the Measure I Funds of the City are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including requirements of Measure I as specified in the agreement between the City and SANBAG, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including the requirements of the Measure I requirements as specified in the agreement between the City and SANBAG, which is described in the accompanying schedule of findings and responses as finding 2015-002.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
May 20, 2016

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015**

Finding 2015-001

FINANCIAL REPORTING - REVENUE RECOGNITION

Criteria:

Governmental Accounting Standards Board (GASB) Statement No. 33 states that a receivable is recognized for derived tax revenue when the underlying exchange occurs or resources are received, whichever is first.

Condition:

The City did not recognize a receivable for derived nonexchange transactions that occurred during the months of May and June and which the related receipts occurred in July and August.

Context:

The condition was discovered during our procedures over revenues.

Effect:

Adjustments were proposed to fairly state revenues recognized as of June 30, 2015.

Cause:

The City did not accrue sales tax revenue appropriately.

Recommendation:

We recommend that the City enhance its closing process to ensure that sales tax revenues are properly accrued to the appropriate fiscal year.

View of Responsible Officials and Planned Corrective Action:

The City will prepare and record journal entries to properly accrue July and August receipts of tax revenue for the period of May and June as proposed as audit adjustments, and will insure that current year accruals are properly recorded for FY15-16.

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015**

Finding 2015-002

EXPENDITURES NOT INCLUDED IN MEASURE I FIVE YEAR CAPITAL IMPROVEMENT PLAN

Criteria:

Policy VVLS-15 of the SANBAG Victor Valley Local Street (VVLS) Program Measure I Strategic Plan states that expenditures of the Measure I Local Street Funds must be included in the Five Year Capital Improvement Plan and adopted by resolution of the governing body.

Condition:

Expenditures totaling \$1.263 were made for membership costs. These costs were not included on the Measure I Five Year Capital Improvement Plan and are not eligible costs to be funded with Measure I sales tax revenue.

Context:

The condition above was noted during our testing of Measure I compliance.

Effect:

The City had instances of noncompliance with Policy VVLS-15 of the SANBAG Victor Valley Local Streets (VVLS) Strategic Guide.

Cause:

The City incurred expenditures for projects not listed on the Measure I Five Year Capital Improvement Plan and that were not eligible to be funded with Measure I sales tax revenue.

Recommendation:

We recommend the City enhance controls over Measure I compliance to ensure that only eligible costs are funded by Measure I sales tax. Additionally, we recommend that all costs being funded with Measure I funds be included on the adopted Measure I Five Year Capital Improvement Plan.

View of Responsible Officials and Planned Corrective Action:

City finance staff will be reviewing all expenditures made during the FY15-16 year to assure compliance with VVLS-15, and any necessary adjustments made prior to the next audit.

The City Finance department will be coordinating efforts with the City Public Works/Engineering department and the Street Maintenance department in order that the adopted amendments to the Five Year Capital Improvement Plan and the Annual City Budget For FY17, so that they will be in alignment. The City has issued a purchase order to acquire a "project management" software module that will work with our general ledger to better account for Measure I projects (as well as other City projects) to be implemented for FY17.

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2015**

Finding 2015-003

MONEY MARKET ACCOUNT RECONCILIATION/INTEREST ALLOCATION

Criteria:

Policy MDLS-18 of the SANBAG Mountain/Desert Subareas (MDLS) Program Measure I Strategic Plan states that any interest earned on the investment of Measure I Transportation Sales Tax Funds must be deposited in the Special Measure I Transportation Sales Tax Fund. Any jurisdiction not electing to invest its Measure I funds but at the same time investing most of its other available funds should deposit the Measure I funds in a separate account to clearly indicate that no such monies were invested. If Measure I Transportation Sales Tax funds are invested, they must receive their equitable proration of interest earned on the total funds invested.

Condition:

The City maintains a money market account that earns interest. The money market account balance is held by the Measure I 1990-2010 Fund and the Measure I 2010-2040 Fund. The account was not reconciled timely and the interest earned had not been recorded in the general ledger.

Context:

The condition above was noted during our testing of cash and investment balances reported in the Measure I Funds.

Effect:

Adjustments were proposed to reconcile the trial balance with the balances held in the financial institution and to credit the Measure I Funds with the earned interest.

Cause:

The City did not reconcile the money market account timely.

Recommendation:

We recommend the City enhance its bank reconciliation process to include the money market account.

View of Responsible Officials and Planned Corrective Action:

The City Finance department will make sure that the City’s money market account is reconciled and the interest earned recorded in the general ledger. It will also transfer 80% of Measure I Tax funds received into the City’s pooled cash account to the money market account as funds are received in FY17 for Capital Projects reserve, retaining 20% for general street maintenance in the pooled account.

**CITY OF ADELANTO, CALIFORNIA
MEASURE I FUNDS**

**SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2015**

<u>Finding No.</u>	<u>Description</u>	<u>Status</u>
2014-001	Year end closing	Partially Implemented – see Finding 2015-001
2014-002	Expenditures not included in Five-Year Plan	Not implemented – see Finding 2015-002

Minute Action

AGENDA ITEM: 5

Date: August 10, 2016

Subject:

Insurance Premium Update

Recommendation:

Receive and file report on result of insurance premium for Fiscal Year 2016/2017.

Background:

On May 4, 2016 the Board of Directors approved a not-to-exceed amount of \$495,836 for general liability, excess liability, automotive, public officials, crime, excess crime, property, and worker's compensation coverage. The Board also authorized SANBAG to join the Municipal Insurance Cooperative (MIC) for liability insurance (general, excess, and public officials) and procure cyber protection coverage. The total insurance premium (including cyber coverage) is \$349,377 in comparison to \$476,281 from the prior year. This resulted in a net savings of \$126,904 for Fiscal Year 2016/2017.

The following programs and premiums are included in the renewal:

<u>Carrier</u>	<u>Coverage</u>	<u>Premium</u>
MIC	General Liability	225,000
MIC	Excess Liability	
MIC	Public Officials Liability	
The Hartford Insurance Group	Automotive	1,394
National Union Fire Insurance	Crime	3,702
Great American	Excess Crime	12,257
Affiliated FM	Property	34,468
Zenith	Workers Compensation	56,151
Beazley	Cyber	16,405
	Total	\$ 349,377

MIC requires an annual administrative fee of \$4,000 per member for legal, financial audit, and member professional development (member travel, training, etc.) costs. The funds are the property of MIC's members and are accounted for in MIC's financial statements.

Financial Impact:

This item is consistent with the approved Fiscal Year 2016/2017 Budget.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee.

Entity: CMA, COG, CTA, CTC, SAFE

General Policy Committee Agenda Item
August 10, 2016
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Responsible Staff:

Hilda Flores, Chief of Fiscal Resources

Approved
General Policy Committee
Date: August 10, 2016

Witnessed By:

Minute Action

AGENDA ITEM: 6

Date: August 10, 2016

Subject:

Investment Policy No. 20100

Recommendation:

That the General Policy Committee recommend the Board:

- A. Approve existing SANBAG Investment Policy No. 20100 with staff recommended changes to Paragraph IX - Allowable Investments for SANBAG Operating Funds, adding subparagraph J and Paragraph XVIII - Annual Submission of Investment Policy.
- B. Delegate to SANBAG's treasurer for a one-year period the authority to invest or reinvest funds, or to sell or exchange securities so purchased, pursuant to SANBAG Investment Policy No. 20100.

Background:

California Government Code (Government Code) Section 53600 et seq. and Section 53630 et seq. govern the investment and the deposit of local agency public funds, and require that the local agency's investment policy and any changes to that investment policy be considered by and approved by the local agency's governing body at a public meeting.

Staff and SANBAG's investment advisor, PFM Investment Management (PFM), have reviewed the current investment policy, Policy No. 20100, and recommend updating Paragraph IX – Allowable Investments for SANBAG Operating Funds and Paragraph XVIII – Annual Submission of Investment Policy. Recommendation A recommends approval of the proposed updates to Policy No. 20100. The first update includes modifying subparagraph J of Paragraph IX to permit investments in the State of California's Local Agency Investment Fund not exceeding the lesser of 60% of SANBAG's operating funds or "up to the maximum amount permitted by the State Treasurer". Currently, Policy No. 20100 caps LAIF investments at the lesser of 60% of SANBAG's operating funds or \$50 million. The proposed change allows for greater flexibility in investing funds while remaining consistent with state law.

The second update addresses a 2010 amendment to the Government Code which changed the annual consideration of an investment policy by a local agency legislative body from a mandated action to a permissive action. The Government Code still requires any changes to the investment policy to be considered by the local agency legislative body at a public meeting. Policy No. 20100 currently requires the SANBAG Chief Financial Officer (CFO) to render a statement of investment policy to the Board annually. The proposed modification to Paragraph XVIII states that SANBAG's CFO shall render a statement of investment policy to the Board of Directors as required by the Government Code. With this change to Policy No. 20100, the Board will consider the Investment Policy only when further changes to the Policy are proposed, and will consider the changes at a public meeting.

Entity: CMA, COG, CTA, CTC, JPA, SAFE

General Policy Committee Agenda Item

August 10, 2016

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The Government Code also provides that if an agency's legislative body elects to delegate investment authority to the agency treasurer it may do so for a one-year period, which delegation may be renewed annually. Recommendation B requests the Board approve its annual delegation of SANBAG's investment authority pursuant to Policy No. 20100 for a one-year period to the SANBAG treasurer, who is also SANBAG's CFO.

Financial Impact:

This item imposes no financial impact on the Fiscal Year 2016/2017 Budget.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG's General Counsel has reviewed this item and the Policy.

Responsible Staff:

Hilda Flores, Chief of Fiscal Resources

Approved
General Policy Committee
Date: August 10, 2016

Witnessed By:

San Bernardino Associated Governments	Policy	20100
Adopted by the Board of Directors	October 2, 1996	Revised
		9/7/165
Investment Policy	Revision No.	4819

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG Intranet.

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I. PURPOSE

The purpose of this policy is to provide guidelines for the investment of funds based upon prudent cash management practices and in conformity with all applicable statutes.

II. POLICY

The Board of Directors of the San Bernardino Associated Governments (SANBAG) and its related authorities and agencies recognizes its responsibility to direct the investment of funds under its care. This policy is designed to meet the specific needs of SANBAG while ensuring the safety of funds.

III. INVESTMENT GOALS

The investment of funds by SANBAG shall be guided by the goals of safety, liquidity, diversification, and a reasonable market rate of return.

Safety: Safety of principal is the foremost objective of the investment program. Investments of SANBAG will be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio.

Liquidity: SANBAG's investment portfolio will remain sufficiently liquid to enable SANBAG to meet all operating requirements and budgeted expenditures, including an additional amount to cover reasonably estimated contingencies.

Diversification: The investment portfolio will be diversified to avoid risk regarding specific security types or individual financial institutions.

Reasonable Market Rate of Return: The investment portfolio will be designed to attain a market average rate of return through economic cycles which is consistent with SANBAG's primary goals of safety, liquidity and diversification.

IV. PRUDENT INVESTOR STANDARD

SANBAG investments are governed by the prudent investor standard, set forth as follows:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency that a prudent person acting in a like capacity and familiarity with those matters would use in the investment of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.

V. SCOPE

The investment policy applies to all financial assets held by SANBAG, including bond proceeds. Funds specifically exempt from this policy include employee deferred compensation plans, employee pension plans, or assets held in trust by SANBAG with specific investment instructions.

VI. DELEGATION OF AUTHORITY

SANBAG's bylaws designate the Chief Financial Officer as Treasurer for the Agency.

Under the direction and oversight of the Chief Financial Officer, and in consultation with SANBAG's investment adviser, the Chief Financial Officer shall direct the investment of SANBAG operating funds, which are not invested in the County Pool or in LAIF ("DIRECT INVESTMENTS"). All officials, staff members and consultants are directly accountable to the SANBAG Board for investment functions.

VII. CONFLICTS OF INTEREST

All officials, staff members and consultants involved in the investment functions will refrain from personal business activity that could conflict with the execution of the investment function or which could impair their ability to make impartial investment decisions. Officials, staff members, and consultants will disclose to the Executive Director any financial interest with a financial institution or broker that conducts business with SANBAG. Officials, staff members and consultants will further disclose any personal financial positions that could be related to the performance of SANBAG's portfolio.

VIII. PORTFOLIO MATURITY LIMITS

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the Authority to meet all projected obligations.

The maximum maturity of any other investment of operating funds ("direct investments") may not exceed five years unless otherwise noted in Paragraph IX.

Investment of bond proceeds shall be made in consideration of the liquidity needs of the bond fund, and may not exceed five years, except for securities to be held in a defeasance escrow for refunded bonds and bond debt ~~serve~~service reserve funds.

Investments in the San Bernardino County Pool and in LAIF are subject to maturity limits and other investment restrictions as imposed by the governing bodies of those agencies.

IX. ALLOWABLE INVESTMENTS FOR SANBAG OPERATING FUNDS

Investment of SANBAG's funds is governed by the California Government Code, Sections 53600 et seq. and 53635 et seq. Should the Government Code become more restrictive than this policy, the Government Code restrictions shall prevail.

The following investment vehicles are permitted for the investment of operating funds.

- A. Government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- B. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. No more than 40% of SANBAG's investment portfolio may be invested in the obligations of any one federal agency or United States government-sponsored enterprise.
- C. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency. Obligations of the State of California or any California local agency may not represent more than 20% of SANBAG's portfolio and no more than 10% may be invested in the obligations of any one issuer.

D. Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California. Obligations of the other 49 states may not represent more than 20% of SANBAG's portfolio and no more than 10% may be invested in the obligations of any one issuer.

E. Repurchase Agreements used solely as short-term investments not to exceed 30 days.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in par. IX. A and B, will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to SANBAG's custodian bank by book entry, physical delivery, or held by a third party custodial agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value, 102% of the funds borrowed against those securities. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a weekly basis and the value of the underlying securities brought back up to 102% no later than the next business day.

Market value must be calculated each time there is a substitution of collateral.

SANBAG or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to the Repurchase Agreement.

SANBAG may enter into Repurchase Agreements only with primary dealers of the Federal Reserve Bank of New York.

SANBAG will have specific written agreements with each firm with which it enters into Repurchase Agreements.

Reverse repurchase agreements will not be allowed.

Repurchase agreements may not represent more than 20% of SANBAG's investment portfolio.

F. Bankers' Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by a nationally recognized statistical-rating organization.

Purchases of Bankers' Acceptances may not exceed 180 days maturity or 40% of SANBAG's investment portfolio. No more than 3% of SANBAG's investment portfolio may be invested in the securities of any one non-government issuer regardless of security type.

G. Commercial paper rated in the highest short-term rating category, as provided by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

- (1) The entity meets the following criteria: (a) is organized and operating in the United States as a general corporation; (b) has total assets in excess of five hundred million dollars (\$500,000,000); (c) has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization.
- (2) The entity meets the following criteria: (a) is organized within the United States as a special purpose corporation, trust, or limited liability company; (b) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond; (c) has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10% of the outstanding paper of an issuing corporation.

Purchases of commercial paper may not exceed 25% of SANBAG's investment portfolio. No more than 3% of SANBAG's investment portfolio may be invested in the securities on any one non-government issuer regardless of security type.

H. Medium-term corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term corporate notes shall be rated in a rating category "A", or its equivalent or better, by a nationally recognized statistical-rating organization.

Purchase of medium-term corporate notes may not exceed 30% of SANBAG's investment portfolio. No more than 3% of SANBAG's investment portfolio may be invested in the securities of any one non-government issuer regardless of security type.

- I. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a federally- or state-licensed branch of a foreign bank. Investments under this subdivision shall be rated "A" for long-term, "A-1" for short-term, their equivalent or better by a nationally recognized statistical-rating organization.

Purchase of negotiable certificates of deposit may not exceed 30% of SANBAG's investment portfolio. No more than 3% of SANBAG's investment portfolio may be invested in the securities of any one non-government issuer regardless of security type.

- J. State of California's Local Agency Investment Fund (LAIF)

Investment in LAIF may not exceed 60% of SANBAG's operating funds or \$50 million up to the maximum amount permitted by the State Treasurer, whichever is less.

- K. San Bernardino County Investment Pool.

- L. Insured savings accounts.

- M. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds and with assets under management in excess of \$500,000,000.

The purchase price of shares of beneficial interest purchased shall not include any commission that the companies may charge and shall not exceed 20% of SANBAG's investment portfolio. Further, no more than 10% of SANBAG's investment portfolio may be invested in shares of beneficial interest of any one money market fund.

- N. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AAA" or better by a nationally recognized statistical-rating organization and may not exceed 30% of SANBAG's investment portfolio.

- O. A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years' maturity. Securities eligible for investment under this subdivision shall be rated "AAA" by a nationally recognized statistical-rating organization and may not exceed 20% of SANBAG's investment portfolio. No more than 3% of SANBAG's investment portfolio may be invested in the securities of any one non-government issuer regardless of security type.

For purposes of determining compliance with this policy, where this section specifies a percentage limitation for a particular category of investment, that percentage is applied on the date of purchase. Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased.

X. ADDITIONAL ALLOWABLE INVESTMENTS FOR BOND PROCEEDS ONLY

- A. California Asset Management Program (CAMP)'s money market pool, which is rated AAAM and has an average maturity of 60 days or less and its separately managed portfolio.
- B. Investment agreement with an AA rated bank or collateralized investment agreement with an A rated bank or an investment acceptable to a bond insurance company and approved specifically by the SANBAG Board.

- C. Debt service reserve funds and debt service funds may be invested longer than five years as long as they are permitted by state law and investments are readily available for bond payments and other bond purposes (refundings, defeasance, etc.).
- D. U.S. Treasury Securities and State and Local Government Securities having a maturity longer than five years are permitted for escrowed defeasances.
- E. Forward purchase agreements, forward delivery agreements and debt service reserve agreements approved specifically by the SANBAG Board.
- F. Other investments as permitted by bond indentures.

XI PROHIBITED INVESTMENT TRANSACTIONS

Any investment not specifically allowed by this policy is prohibited.

XII. INVESTMENT IN "DERIVATIVE" SECURITIES

Direct investment in derivative securities is prohibited. A "derivative security" is any investment the value of which is derived from an underlying security, commodity or index. For purposes of this policy, a derivative is any security that has principal and/or interest payments which are subject to significant uncertainty as to timing, and/or amount.

It is understood that the County Pool and LAIF may invest in certain derivative securities.

XIII. LEVERAGING

All forms of portfolio leverage, including, but not limited to, securities lending programs, reverse repurchase agreements, and margin accounts, are prohibited.

XIV. SAFEKEEPING OF SECURITIES

SANBAG shall enter into an agreement with a bank trust department to serve as the safekeeping agent for all direct investments. The safekeeping agent shall hold all investments in an account for the sole benefit of SANBAG. All direct investments shall be delivered by the broker to SANBAG's safekeeping account on a delivery versus payment basis.

XV. COMPETITIVE BIDDING OF INVESTMENTS

The investment procedures require that approved broker/dealers compete for direct investment purchases and sales to ensure that all investment transactions are free from favoritism. The CFO in conjunction with SANBAG's investment advisor shall determine the best execution price for SANBAG, and act accordingly.

XVI. BROKER/DEALERS

If a third party investment advisor is authorized to conduct investment transactions on SANBAG's behalf, the investment advisor may use their own list of approved broker/dealers and financial institutions for investment purposes. The investment advisor's approved list must be made available to SANBAG upon request.

For any investment transactions conducted by the Treasurer on behalf of SANBAG, the Treasurer shall comply with the following requirements:

Transactions initiated by SANBAG shall be executed through government securities dealers reporting as primary dealers to the New York Federal Reserve Bank of New York or direct issuers (defined as corporations that issue their own securities) and through secondary dealers who have received prior approval to do business with SANBAG.

Primary dealers wishing to do business with SANBAG must meet the following criteria:

1. The primary dealer representative must have demonstrated experience providing investment services to public agencies in California.

- The primary dealer representative must provide SANBAG with a minimum of three references of finance officials from public agencies in California.

Secondary dealers must complete a broker/dealer application provided by SANBAG, and must meet the following criteria to the satisfaction of SANBAG's Chief Financial Officer:

- The broker/dealer must qualify under SEC Rule 15C3-1 (uniform net capital rule).
- The broker/dealer and the broker/dealer representative must be properly registered with the appropriate state and federal regulatory bodies.
- The broker/dealer should be a market maker and have a strong market presence in one or more product areas that are pertinent to SANBAG's investment goals.
- The broker/dealer and its representative should be well established in the business and have an acceptable track record.

Each broker/dealer will be sent a copy of this Policy, a broker/dealer application, and a list of persons authorized to execute transactions on SANBAG's behalf. In order to be considered for investment business opportunities with SANBAG, each firm must acknowledge receipt of such materials.

XVII. REPORTING

A. Quarterly Report

The CFO will provide a quarterly report to the Administrative Committee and to the Board of Directors providing the following information:

- Breakout of all securities, investments and moneys held by SANBAG by investment type, issuer, date of maturity, par, dollar amount and percent of portfolio invested in each.
- A description of all SANBAG's funds, investments or programs that are under the management of any outside party that is not a local agency. This report must also include market valuation of the portfolio and the source of the valuation.
- A statement of compliance with investment policy and a statement denoting the ability of SANBAG to meet all expenditures for the next six months.

B. Monthly Report

The CFO will provide a monthly list of investment transactions to the Board of Directors as required by the California Government Code §53607 when investment authority has been delegated by the Board.

XVIII. ANNUAL SUBMISSION OF INVESTMENT POLICY

SANBAG's CFO shall render a statement of investment policy to the Board of Directors annually as required by the California Government Code. If changes are proposed, the Board shall consider the policy, with and proposed any changes, in a public meeting.

XIX. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	10/02/96
1	20100: Added paragraph starting with "It shall be SANBAG's long term objective . . .".	09/03/97
2	No changes.	12/02/98
3	20100.10: Changed percentage of operating funds amount to 20%. 20100.10: Changed percentage of San Bernardino portfolio to 20%.	11/03/99
4	No changes. Re-approved by the Board of Directors.	11/01/00
5	Added Para. 20100.16 Qualifications of Broker/Dealers; re-sequenced existing paragraphs. 20100.16, 20100.17, 20100.18, 20100.19, 20100.20, and 20100.21 to 20100.17, 20100.18, 20100.19, 20100.20, and 20100.22. Revised Par. 20100.10: Revised "...not to exceed 20% of SANBAG's operating funds..." to "...not to exceed 30% of SANBAG's operating funds...", and "Portion of Portfolio: 20% maximum" to "Portion of Portfolio: 30% maximum".	11/07/01

Revision No.	Revisions	Adopted
6	Changed paragraph numbering style from 20100.1,20100.2, 20100.3 etc. to I, II, III, etc. Par. IX: Changed "one year" to "two years". Par. X.4: Changed "1 year maximum" to "2 year maximum". Par. X.5: Changed "1 year maximum" to "2 year maximum". Par. X.6: Changed "180 days maximum" to "270 day maximum".	11/06/02
7	No changes. Re-approved by the Board of Directors	11/05/03
8	No changes. Re-approved by the Board of Directors	01/05/05
9	No changes. Re-approved by the Board of Directors	11/02/05
10	Paragraphs on DEFINITIONS, ANNUAL MANAGEMENT REVIEW AND AUDIT, AND SEGREGATED INVESTMENT, and EXECUTION AND RECORD KEEPING: Deleted. Paragraphs III, IV, IX, and XVII: Minor revisions. Paragraphs VIII, IX, and XVI: Major revisions.	07/05/06
11	Par. IX.J: Removed limitation.	09/13/06
12	No changes. Re-approved by the Board of Directors	01/09/08
13	Par. VI: Delete "In addition, the CFO, under the direction and oversight of the Executive Director, and consultation with SANBAG's investment advisor, shall review the alternatives for the investment of bond proceeds, and shall recommend such investments to the SANBAG Board for approval". The investment of bond proceeds is identified under par. X. and will be authorized by bond covenant. Par. IX: Add (C) Obligations of the State of California or any local agency within the state and (D) Registered treasury notes or bonds of other states in addition to California to diversify the number of sectors and issuers; revise (C) to be (E) and add "held" before "by a third party custodial agreement". Also add "Repurchase agreements may not represent more than 20% of SANBAG's investment portfolio", to limit the amount to be invested in repurchase agreements; delete "(G) "provided that the issuing corporation is organized and operating within the United States, has total assets in excess of \$500 million and has an "A" or higher rating for its long-term debt, if any, as provided by a nationally recognized statistical rating organization." This is also stated in paragraphs (G) (1) and (2); increase (J) from \$40 million to \$50 million limitation on LAIF investment per State Treasurer's Office authorization to increase the dollar amount for investment. Par. X: Change (A) For CAMP, rating from AAA to AAAM and average maturity from one year to 60 days or less. This is to improve safety and liquidity. Par. XV: Add "in conjunction with SANBAG's investment advisor" for clarification purposes.	09/01/10
14	Par. VIII: Changed four years to five years and added "unless otherwise noted in Par. IX. Par. IX.B: Changed 10% to 40%. Par. IX.F: Changed 20% to 40% and changed "No more than 5% of SANBAG's investment portfolio may be invested in the Bankers' Acceptances of any one commercial bank." to "No more than 3% of SANBAG's investment portfolio may be invested in the securities of any one non-government issuer regardless of security type." Par. IX.G: Changed "No more than 5% of SANBAG's investment portfolio may be invested in commercial paper of one issuer." to "No more than 3% of SANBAG's investment portfolio may be invested in the securities on any one non-government issuer regardless of security type." Par. IX.H: Changed 20% to 30 and changed "No more than 5% of SANBAG's investment portfolio may be invested in a medium-term note of any one corporation." to "No more than 3% of SANBAG's investment portfolio may be invested in the securities of any one non-government issuer regardless of security type." Par. IX.I: Changed 20% to 30% and added "No more than 3% of SANBAG's investment portfolio may be invested in the securities of any one non-government issuer regardless of security type." Par. XVII: Removed 'QUARTERLY' from title, renumbered paragraphs, and added "B. Monthly Report. The CFO will provide a monthly list of investment transactions to the Board of Directors as required by the California Government Code 53607 when investment authority has been delegated by the Board.	07/06/11
15	Par. IX.H: Changed rating of "AA" to "A". Par. IX.I: Changed "... by a state-licensed branch ..." to "... by a federally or state-licensed branch ..." and changed "... rated AA ..." to "... rated A or its equivalent ...". Re-approved by the Board of Directors.	08/01/12
16	No changes. Re-approved by the Board of Directors on 9/4/13, Agenda Item 5.	09/04/13
17	Re-approved by the Board of Directors on 7/2/14, Agenda Item 4. Updated Par. VI to mirror bylaws that designate the CFO as Treasurer.	07/02/14
18	Re-approved by the Board of Directors on 9/2/15, Agenda Item 6. Updated Par. IX – Allowable Investments for SANBAG Operating Funds, including modifications to subparagraph I, and adding subparagraphs N and O.	09/02/15

July 1, 2016

Memorandum

To: Bill Stawarski, Chief Financial Officer
Hilda Flores, Chief of Fiscal Resources
San Bernardino Associated Governments

From: Sarah Meacham, Director
Henry Sun, Senior Analyst
PFM Asset Management LLC

Re: Investment Policy Review

We have completed our annual review of the SANBAG's Investment Policy (the "Policy"). The Policy is in compliance with the sections of the California Government Code (the "Code") that govern the investment of public funds. We do, however, recommend two changes to provide SANBAG with greater flexibility with regards to the prudent management its portfolio. This memorandum explains our recommended revisions to the Policy.

IX. (K.) ALLOWABLE INVESTMENTS FOR SANBAG OPERATING FUNDS

- We recommend updating the language to provide SANBAG with greater flexibility in its permitted investment in LAIF as the State Treasurer adjusts the maximum permitted investment in LAIF over time.

XVIII. SUBMISSION OF INVESTMENT POLICY

- Since SANBAG would like to eliminate the Policy's requirement to submit the Policy annually when there are no changes recommended, we have revised the language in this section to require the Policy be considered by the Board when changes are recommended as required by the California Government Code.

We would be happy to discuss our recommendations with you and the Board of Directors.

Minute Action

AGENDA ITEM: 7

Date: August 10, 2016

Subject:

Request for Proposal 17-1001569 Audit Services for Transportation Development Act (TDA) Claimants, Measure I Local Pass-Through Revenue Recipients, and Financial & Compliance Auditing Services for Transit Operators.

Recommendation:

That the General Policy Committee recommend the Board approve the release of Request for Proposal 17-1001569 for qualified firms to provide Auditing Services for TDA Claimants and Financial & Compliance Auditing Services for Transit Operators, acting in its capacity as the San Bernardino County Transportation Commission, and for the Measure I Local Pass-Through Revenue Recipients, acting as the San Bernardino County Transportation Authority.

Background:

San Bernardino Associated Governments (SANBAG), as the regional transportation planning agency, is responsible for ensuring that all claimants to whom it allocates TDA funds pursuant to Public Utilities Code, Article 3, submit compliance audits of funds received or remaining balances. SANBAG is also required to certify compliance of Measure I Pass-Through recipients with the requirements of the San Bernardino County Transportation Authority Ordinance 04-01 accompanying Measure I Policies. In addition, the guidelines for the receipt of federal funds equal or exceeding \$500,000 and receipt of Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funds require an audit.

Consultant shall:

1. Conduct audits of the TDA Claimants, including a compliance with applicable Public Utility Codes and California Code of Regulations. Due to the nature of this funding source the number of audits required varies from year to year and may include approximately one annual audit for each of 24 Cities and 6 sub-areas within the County;
2. Conduct audits of Measure I local pass-through funds, including each City and the County which may include approximately 25 audits each fiscal year;
3. Conduct audits, prepare the State Controller Report and Federal Single Audits when required for transit operators which may include approximately 4 audits each fiscal year; and

Pursuant to policy direction, SANBAG is required to award these types of contracts on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services at a fair and reasonable price to SANBAG. Such selection shall take into consideration prior experience of the firm and/or representatives, understanding of work to

Entity: CTA, CTC

General Policy Committee Agenda Item

August 10, 2016

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be completed, knowledge of the working environment, and particular skills and expertise of the firm and/or representatives proposed for the function. Staff will return to the Board with approval of the selected firms for contract award.

Financial Impact:

This item is consistent with the SANBAG Fiscal Year 2016/2017 Budget.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel and the Procurement Manager have reviewed this item and Scope of Services as to form.

Responsible Staff:

Hilda Flores, Chief of Fiscal Resources

Approved
General Policy Committee
Date: August 10, 2016

Witnessed By:

ATTACHMENT A

“TDA SCOPE OF SERVICES”

GENERAL

San Bernardino Associated Governments (SANBAG) is requesting proposals from qualified certified public accounting firms to audit its Jurisdictions (Exhibit A) for the Fiscal Years ending June 30, 2017, 2018, 2019, 2020, and 2021, with the option of performing such services for two (2) additional one-year terms. SANBAG acting as the regional transportation agency is responsible for ensuring that all claimants to whom it directs allocation of funds pursuant to Public Utilities Code, Chapter 4, of the Transportation Development Act (TDA) submit an annual certified compliance and fiscal audit of funds received. Additionally SANBAG is also required to certify compliance of Measure I Pass-Through recipients with the requirements of the San Bernardino County Transportation Authority Ordinance 04-01, and accompanying Measure I Policies.

AUDITING STANDARDS TO BE FOLLOWED

The audits are to be performed by the consultant in accordance with generally accepted auditing standards, including use of the most current version of each of the following standards and guidelines:

- The standards set forth for financial audits in the General Accounting Office’s (GAO) *Government Auditing Standards*
- San Bernardino County Transportation Authority Ordinance 04-01, *San Bernardino Valley Subarea Expenditure Plan* (Section F and H), *Mountain Desert Expenditure Plan* (Section C and E)
- Transportation Development Act regulations in Title 21 of the California Code of Regulations Section 6664 discusses the fiscal and compliance audits of all claimants. Section 6666 provides the compliance audit tasks for non-transit claimants, and Section 6667 provides the compliance audit tasks for transit claimants.

Transportation Development Act

- Funds are typically allocated upon project completion however some projects are allowed progress payment(s). Complete examination of financial activities, including internal systems of checks and balances, on or before December 30th of each audit year.
- Financial examination must encompass both expenditure and projects for which funds were allocated but expended. A listing of all major projects comparing actual revenues/expenses to budgeted revenues/expenses must be included in the audit report,

as well as an accounting of interest earned on the funds. The report shall include the audited amounts for the fiscal year prior to the year audited.

- Compliance examination of the claimants' transportation activities under the Transportation Development Act; including, to the extent applicable, the task contained in the SANBAG Compliance Audit Guide.
- A compliance examination of the operator's implementation of the Uniform System of Accounts for Public Transit Operators, under PUC 66343 and where applicable the updated National Transit Database (NTD) Reporting Manuals as required by 49 USC. 5335(a), formerly Section 15.
 - **Article 3 Bicycle & Pedestrian**
 - **Article 8a Local Streets and Roads:**

Measure I 2010-2040 Local Pass-Through (Ordinance 04-01)

- SANBAG receives a one-half of one percent retail transaction and use tax, which is dedicated for transportation planning, design, construction, operation and maintenance only in the San Bernardino County. Within this ordinance SANBAG provides a Pass-through of Local Streets and Senior and Disabled Transit Service funds to the local jurisdictions. Preparation of an audit report for the Measure I 2010-2040 Local Pass-through receipts for periods ending June 30th of each audit year.
- Financial examination of activities, including internal systems of checks and balances, during the specified period. The examination must encompass both project expenditures and projects for which funds were received but not expended. A listing of all projects comparing actual revenues/expenses to the Measure I Five Year Capital Improvement Program adopted by the local governing board for the specified period must be included in the audit report, as well as an accounting of interest earned on the funds. The project listing shall illustrate the street or project names, project limits, and type of improvement. The report shall also contain an examination of expenditures, statement of revenue and expenses and balance sheet for each component of the special Measure I fund.
- Compliance Examination with provision of Ordinance 04-01 and the Expenditure Plan, adopted by the Authority relating to the expenditure of Measure I revenue
 - **San Bernardino Valley Subarea Expenditure Plan**
 - Section F Local Streets
 - **Mountain Desert Expenditure Plan**
 - Section C Local Streets

REQUIRED REPORTS TO SANBAG

Following the completion of the audit of the fiscal year's financial statement, the Auditor shall issue the following reports and letters:

1. Local Transportation Fund (LTF) Financial and Compliance Report
2. State Transit Assistance Fund (STAF) Financial and Compliance Report
3. Report on applying agreed upon procedures for Appropriations limit calculation
4. Management Letter (if required)
5. Preparation of the State Controllers Report (Due prior to September 30th)

Provide two (2) copies of the "Draft" Audit Report. One for each claimant on or before November 30 of each audit year. One for SANBAG.

Final Audit Report: Provide four (4) copies of each "Final" Audit Report on or before December 30th of each audit year.

- One copy of the report for each claimant
- One copy of the report for SANBAG
- One copy for the San Bernardino County Internal Audits Division
- Once copy for the State Controller's Office

Also include up to 20 copies of the "Final" for each claimant's Board of Directors.

Additional Considerations

- **Working Papers:** All working papers shall be retained by the auditor for a minimum of four (4) years after the conclusion of the engagement unless authorized to do otherwise in writing by SANBAG. The audits may be subject to review by state and federal agencies. Accordingly, the working papers shall be made available upon request.
- **Audit Schedule:** The work to be performed shall be arranged with the individual recipients after the conclusion of a planning meeting with the Commission and the Commission's issuance of audit notification letters to each jurisdiction recipients.
- **Audit Timelines:** Effective for the first year of the contract the contractor's timelines are extended for 90 days. Thereafter, the specified timelines can be extended for up to an additional 90 days, with approval of SANBAG, depending upon the condition of each jurisdiction supporting data/documentation and the cooperation of each jurisdictions management throughout the audit process.
- **Audit Plan:** Planning, Risk Assessment, Preparation of the overall audit plan, conducting the interim audit, conducting the final audit, reporting. Details as laid out in the proposal.

Exhibit A

Jurisdictions

Agency

Adelanto, City of
Apple Valley, Town of
Barstow, City of
Big Bear Lake, City of
Chino Hills, City of
Chino, City of
Colton, City of
Fontana, City of
Grand Terrace, City of
Hesperia, City of
Highland, City of
Loma Linda, City of
Montclair, City of
Ontario, City of
Rancho Cucamonga, City of
Redlands, City of
Rialto, City of
San Bernardino, City of
San Bernardino, County of
Twentynine Palms, City of
Upland, City of
Needles, City of
Victorville, City of
Yucaipa, City of
Yucca Valley, Town of

ATTACHMENT B

“TRANSIT PROVIDERS SCOPE OF SERVICES”

AUDITING STANDARDS TO BE FOLLOWED

The audit shall be performed so as to satisfy the audit requirements in accordance with the most current version of each of the following standards and guidelines:

- The standards set forth for financial audits in the General Accounting Office’s (GAO) *Government Auditing Standards*
- The provision of the federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996, the U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as applicable;
- OMB’s Compliance supplement titled *Uniform requirements for Grants to State and Local Government*
- San Bernardino County Transportation Authority Ordinance 04-01, *San Bernardino Valley Subarea Expenditure Plan* (Section F and H), *Mountain Desert Expenditure Plan* (Section C and E)
- Transportation Development Act Regulations. CA Code Section 6664 discusses the fiscal and compliance audits of all claimants. Section 6666 provides the compliance audit tasks for non-transit claimants, and Section 6667 provides the compliance audit tasks for transit claimants.
- Proposition 1B Compliance Requirements. Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) funds received through Caltrans
- California Transit Security Grant Program – California Transit Assistance Funds (CTSGP-CTAF) funds received through CalEMA

REQUIRED REPORTS TO SANBAG

Following the completion of the audit of the fiscal year’s financial statement, the Auditor shall issue the following reports and letters:

1. Independent Auditor’s Report on Comprehensive Annual Financial Report (CAFR) or Basic Financial statements;
2. Independent Auditor’s Single Audit Report (if applicable)
3. Local Transportation Fund (LTF) Financial and Compliance Report
4. State Transit Assistance Fund (STAF) Financial and Compliance Report
5. Report on applying agreed upon procedures for Appropriations limit calculation

6. Audit Committee Letter
7. Management Letter (if required)
8. Preparation of the State Controllers Report (Due prior to September 30th)
9. PTMISEA fund disclosure in the Independent Auditor's Report on Comprehensive Annual Financial Report or Basic Financial Statements
10. California Transit Security Grant Program fund disclosure in the Independent Auditor's Report on Comprehensive Annual Financial Report or Basic Financial Statements

Provide two (2) copies of the "Draft" Audit Report. One for each claimant on or before November 30 of each audit year. One for SANBAG.

Final Audit Report: Provide four (4) copies of each "Final" Audit Report on or before December 30th of each audit year.

- One copy of the report for each claimant
- One copy of the report for SANBAG
- One copy for the San Bernardino County Internal Audits Division
- One copy for the State Controller's Office

Final Federal Single Audit Report: Provide three (3) copies of each "Final" audit report on or before March 15th of each audit year.

- One copy of the report for each claimant
- One copy of the report for SANBAG
- One copy for the San Bernardino County Internal Audits Division

Also include up to 20 copies of the "Final" for each claimants Board of Directors.

Additional Considerations

- **Working Papers:** All working papers shall be retained by the auditor for a minimum of four (4) years after the conclusion of the engagement unless authorized to do otherwise in writing by SANBAG. The audits may be subject to review by state and federal agencies. Accordingly, the working papers shall be made available upon request.
- **Audit Schedule:** The work to be performed shall be arranged with the individual recipients after the conclusion of a planning meeting with the Commission and the Commission's issuance of audit notification letters to each jurisdiction recipients.
- **Audit Timelines:** Effective for the first year of the contract the contractor's timelines are extended for 90 days. Thereafter, the specified timelines can be extended for up to an additional 90 days, with approval of SANBAG, depending upon the condition of each jurisdiction supporting data/documentation and the cooperation of each jurisdictions management throughout the audit process.

- **Audit Plan:** Planning, Risk Assessment, Preparation of the overall audit plan, conducting the interim audit, conducting the final audit, reporting. Details as laid out in the proposal.

Exhibit B

Transit Providers

Agency

Barstow, City of
Omnitrans
Morongo Basin Transit Authority (MBTA)
Mountain Area Regional Transit Authority
(MARTA)
Needles, City of
Valley Transportation Services (Vtrans)
Victor Valley Transit Authority (VVTA)

Minute Action

AGENDA ITEM: 8

Date: August 10, 2016

Subject:

Policy 11010 – Procurement Standards of Conduct

Recommendation:

That the General Policy Committee recommend the Board approve Policy 11010 – Procurement Standards of Conduct.

Background:

Prior to 2010, SANBAG’s procurements and contract administration were not centralized and were conducted solely by the Project Managers in various departments. In 2010, a Contract Manager was hired as a consultant to revise the procurement policy and create standardized templates. It was soon realized that a full time in-house procurement/contracts administrator was necessary to handle the day-to-day procurement operations. In 2012, a Procurement/Risk Management/Contracts Administrator was hired. Together they worked to standardize procurement solicitations throughout the agency. Templates were created for all aspects of the procurement process, along with procedures.

As revisions and changes were made, it was decided to start centralizing procurement activities in order to consistently implement all the necessary changes. A Procurement Group (Procurement) was created and two Procurement Analysts were hired in 2014. Procurement is now centralized in all aspects of the procurement process.

The following is a summary of changes and improvements that have been made:

- Procurement was created, comprised of a Procurement Manager and two Procurement Analysts (Procurement Professionals).
- Solicitations have been centralized and are managed by procurement staff.
- Procurement documents and templates have been standardized.
- Procurement Policy has had several revisions.
- Procurement reviews the scope of work being released.
- Insurance is checked for compliance before a notice to proceed is issued.
- Insurance tracking is in the process of being implemented.
- Training for SANBAG staff on procurement policies and procedures has been conducted.
- Procurement staff participate in negotiations.

As part of Procurement’s goal to provide an open, fair and competitive procurement process, Procurement would like to adopt Procurement Standards of Conduct. The proposed policy in part stipulates that Procurement Professionals (Procurement Manager and Procurement Analysts) shall avoid any private or professional activity that would create an actual Conflict of Interest, or the appearance of a Conflict of Interest, impropriety, or unfair competitive advantage, in the Procurement Process. This Standards of Conduct Policy supplements and is more stringent than the

Entity: CMA, COG, CTA, CTC, JPA, SAFE

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requirements of SANBAG's Conflict of Interest Code which is based upon the requirements of the California Political Reform Act.

In addition, Evaluation Panel members who review and evaluate consultants during the procurement process will be required to follow this new Policy.

Financial Impact:

This item has no financial impact on the Fiscal Year 2016/2017 budget.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel and the Procurement Manager have reviewed this item.

Responsible Staff:

Jeffery Hill, Procurement Manager

Approved
General Policy Committee
Date: August 10, 2016

Witnessed By:

San Bernardino Associated Governments	Policy	11010
Adopted by the Board of Directors Sept. 7, 2016	Revised	
Procurement Standards of Conduct	Revision No.	0

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG Intranet.

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I. PURPOSE

This Policy establishes standards of conduct for SANBAG employees and consultants involved in the procurement process to ensure procurement contracts are awarded and administered in an ethical manner resulting in procurements that serve the best interests of the public. These standards of conduct are in addition to the SANBAG Conflict of Interest Code (Policy 10102) requirements applicable to designated persons.

II. REFERENCES

SANBAG Conflict of Interest Code (Policy 10102); SANBAG Procurement Policy (Policy 11000); California Political Reform Act (Government Code Section 87100 et seq., Title 2 California Code of Regulations, Division 6, Sections 18700 through 18709); California Government Code Section 1090; Title 23 Code of Federal Regulations Section 1.33.

III. DEFINITIONS

“Conflict of Interest” - means a circumstance arising out of a person's existing or past activities, including financial, familial and contractual relationships, employment and business interests, as set forth in SANBAG's Conflict of Interest Code (Policy 10102), the California Political Reform Act (Government Code Section 87100 et seq.) or Government Code Section 1090, that prohibits a person from making or participating in making a SANBAG Procurement decision.

“Contractor” – means a vendor, supplier, consultant, or contractor who is seeking to be awarded or to whom SANBAG has awarded or issued a Procurement Contract.

“Procurement” - means SANBAG's purchase of goods, services, supplies, professional services, maintenance and construction work from a Contractor.

“Procurement Contract” - means a contract or purchase order awarded or issued as a result of a Procurement Solicitation.

“Procurement Personnel” - means any SANBAG employee, consultant or agent participating on behalf of SANBAG in the Procurement Process, including Procurement Professionals.

“Procurement Process” - means Procurement-related activities including preparation and issuance of Procurement Solicitations, review and evaluation of responses to Procurement Solicitations, award and administration of Procurement Contracts.

“Procurement Professional” – means the Procurement Manager or the Procurement Analyst(s) designated as responsible for a specific Procurement Solicitation.

“Procurement Solicitation” - means the Invitation for Bids (IFB), Request for Proposals (RFP), Request for Qualifications (RFQ), Invitation for Quotes (IFQ) or other written or verbal contact by Procurement Personnel seeking bids, proposals or quotes from a Contractor for the purpose of awarding or issuing a Procurement Contract.

“Procurement Window” - means the period of time between release of the Procurement Solicitation and the award or issuance of the Procurement Contract.

IV. POLICY

A. Procurement Professionals shall avoid any private or professional activity that would create an actual Conflict of Interest, or the appearance of a Conflict of Interest, impropriety, or unfair competitive advantage, in the Procurement Process.

B. Procurement Professionals must treat Contractors fairly and equally by:

- 1. Refraining from showing favoritism or being influenced by Contractors through the acceptance of gifts, gratuities, loans or favors;
- 2. Safeguarding Contractor confidentiality; and
- 3. Selecting Contractors on the basis of meeting applicable, appropriate and fair criteria.

C. Procurement Professionals are subject to the gift limits and gift reporting requirements set out in the SANBAG Conflict of Interest Code.

D. Procurement Personnel shall not participate in the Procurement Process for any Procurement where the Procurement Personnel's participation would be an actual Conflict of Interest or would create the appearance of a Conflict of Interest, impropriety, or an unfair competitive advantage or disadvantage for a Contractor.

E. Procurement Personnel shall avoid allowing political or other factors outside the applicable criteria to influence the Procurement Process.

F. Procurement Professionals shall vet with SANBAG management any advance restriction involving a Procurement, and shall include in the Procurement Solicitation an explanation of the nature of the restrictions and any limitations on future procurements. The rationale for such restrictions shall be documented in the contract file.

G. Procurement Professionals shall provide a copy of this policy to persons participating in any selection panel evaluating Contractors for award of a Procurement Contract and shall require selection panel participants to sign a "Declaration of Impartiality and Confidentiality" disclosure form.

H. During the Procurement Window, there shall be no communications between Procurement Personnel (except for Procurement Professionals) and potential bidders or proposers regarding a specific Procurement.

I. Procurement Contracts shall include a Conflict of Interest clause requiring the Contractor to fully disclose any circumstance that may present an actual or potential conflict of interest.

J. This policy is advisory and any failure to comply with this policy shall not provide a basis for a bid protest by a Contractor or any other person.

V. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Procurement Standards of Conduct approved.	09/07/16

-
- San Bernardino County Transportation Commission
 - San Bernardino County Transportation Authority
 - San Bernardino County Congestion Management Agency
 - Service Authority for Freeway Emergencies
-

Minute Action

AGENDA ITEM: 9

Date: August 10, 2016

Subject:

Fiscal Year 2015/2016 Work Goals and Objectives Fourth Quarter Report

Recommendation:

Receive update on the Fiscal Year 2015/2016 Work Goals and Objectives.

Background:

The SANBAG Fiscal Year 2015/2016 Work Goals and Objectives establish the Board of Directors' priorities for the year. The Executive Director uses this as a tool with the Executive Management Team to evaluate SANBAG's progress in achieving the Board's priorities. This report is a quarterly update on those work goals and objectives.

Financial Impact:

This item is consistent with the adopted Fiscal Year 2015/2016 budget.

Reviewed By:

This item is not scheduled for review by any other policy or technical advisory committee.

Responsible Staff:

Raymond Wolfe, Executive Director

Approved
General Policy Committee
Date: August 10, 2016

Witnessed By:

Entity: CMA, COG, CTA, CTC, SAFE

Minute Action

AGENDA ITEM: 10

Date: August 10, 2016

Subject:

Process to Fill Upcoming Vacancies on the Independent Taxpayer Oversight Committee

Recommendation:

That the General Policy Committee recommend the Board approve the process for the selection of two members of the Independent Taxpayer Oversight Committee (ITOC) to fill vacancies that will be created on December 31, 2016 due to term limits.

Background:

When Measure I was renewed by the voters, it included a requirement that an ITOC be formed. The ITOC provides citizen review to ensure that all Measure I funds are spent by SANBAG in accordance with provisions of the Measure I Expenditure Plan.

Measure I states that there will be an open process to select the committee members. Measure I also states: "In no case shall any voting committee member serve more than eight years on the ITOC." Mr. Rod Johnson and Mr. Richard Haller both have terms expiring on December 31, 2016, and both will be concluding six years of service on the ITOC. This makes them ineligible to serve another full term of four years. For this reason, a process must be started to select new ITOC members to serve beginning January 1, 2017.

There is no specific selection process defined in the Measure I ordinance beyond stating that, "...the Authority shall have an open process..." Additionally, the ordinance specifies that each member of ITOC have certain credentials or experience as follows:

- A. One member who is a professional in the field of municipal audit, finance and/or budgeting with a minimum of five years in a relevant and senior decision-making position in the public or private sector.
- B. One member who is a licensed civil engineer or trained transportation planner with at least five years of demonstrated experience in the fields of transportation and/or urban design in government and/or the private sector. No member shall be a recipient or sub-recipient of Measure "I" funding.
- C. One member who is a current or retired manager of a major publicly financed development or construction project, who by training and experience would understand the complexity, costs and implementation issues in building large scale transportation improvements.
- D. One member who is a current or retired manager of a major privately financed development or construction project, who by training and experience would understand the complexity, costs and implementation issues in building large scale transportation improvements.
- E. One public member, who possesses the knowledge and skills which will be helpful to the work of the ITOC.

Entity: CTA

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Mr. Johnson was the member with experience in the field of municipal audit, finance and/or budgeting (Category A above). Mr. Haller was the member who was a licensed civil engineer or trained transportation planner (Category B above). So when the selection process starts, potential candidates must possess the qualifications listed in Category A or B above.

When the ITOC members were originally selected, the Board had an ad hoc committee of the Administrative Committee (now the General Policy Committee) consisting of five members including:

SANBAG Board President
 SANBAG Board Vice President
 Representative of the Mountain/Desert Subregion
 Representative of the East Valley Subregion
 Representative of the West Valley Subregion

All members of the Board were encouraged to identify potential ITOC candidates and encourage them to complete an application (attached) and the vacancies were publicized by SANBAG. The applications were then reviewed by the ad hoc committee and applicants were selected to be interviewed by the committee. After the interviews, the committee made a recommendation to the Board of Directors.

In evaluating potential candidates for the ITOC, the following requirements must be kept in mind:

- In no case shall any voting committee member serve more than eight years on the ITOC.
- Committee members shall serve without compensation, except they shall be reimbursed for authorized travel and other expenses directly related to the work of the ITOC.
- Committee members cannot be a current local elected official in the county or a full time staff member of any city, the county government, local transit operator, or state transportation agency.
- ITOC voting members shall have no legal action pending against SANBAG and are prohibited from acting in any commercial activity directly or indirectly involving SANBAG, such as being a consultant during their tenure on the ITOC.
- ITOC voting members shall not have direct commercial interest or employment with any public or private entity, which receives Measure I funds.

It is recommended that the same process be used for filling these upcoming vacancies.

Financial Impact:

This item is consistent with the adopted SANBAG budget.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee.

Responsible Staff:

Duane Baker, Deputy Executive Director

General Policy Committee Agenda Item
August 10, 2016
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Approved
General Policy Committee
Date: August 10, 2016
Witnessed By:



Application for the Independent Taxpayer Oversight Committee (ITOC)

Name: _____

Address: _____

Email: _____ Phone No.: _____

1. Are you currently employed by the County of San Bernardino, by a city or transit operator in San Bernardino County or by a state transportation agency? **Yes** **No**

2. Are you currently employed or have a direct commercial interest in an entity that receives Measure I money? **Yes** **No**

3. Why are you interested in serving on the Independent Taxpayer Oversight Committee (ITOC)? *(attach additional pages if necessary)*

4. Check the position for which you are you applying.

- A professional in the field of municipal audit, finance and/or budgeting with a minimum of five years in a relevant and senior decision-making position in the public or private sector.
- A licensed civil engineer or trained transportation planner with at least five years of demonstrated experience in the fields of transportation and/or urban design in government and/or the private sector. No member shall be a recipient or sub- recipient of Measure "I" funding.

5. Are you currently employed? **Yes** **No**

If so who is your employer and what is your current occupation?

6. Describe the nature of your professional experience as it relates to the position you are applying for, including the number of years of experience you have in that area. *(attach additional pages if necessary)*

Attachment: FR092ITOC_Application (2997 : Process to Fill Upcoming Vacancies on the Independent Taxpayer Oversight Committee)

Independent Taxpayer Oversight Committee (ITOC)

Overview

About the Committee

The ITOC is an independent committee created with the passage in 2004 of the ½ cent Transportation Sales Tax known as Measure I. The Committee ensures that funds raised by Measure I are spent according to the approved Measure I Expenditure Plan. The responsibilities of the five-member Committee include:

1. Review the annual audits of the County Transportation Authority (Authority).
2. Report findings based on the audits to the Authority.
3. Recommend any additional audits for consideration which the ITOC believes may improve the financial operation and integrity of program implementation.

Who May Apply

Measure I requires that members of the Committee have specific skills or experience. Anyone 18 years or older with the necessary skill or experience, as listed below, are welcome to apply:

- A professional in the field of municipal audit, finance and/or budgeting with a minimum of five years in a relevant and senior decision-making position in the public or private sector.
- A licensed civil engineer or trained transportation planner with at least five years of demonstrated experience in the fields of transportation and/or urban design in government and/or the private sector. No member shall be a recipient or sub-recipient of Measure "I" funding.

Who May Not Apply

Measure I specifically prohibits current local elected officials in the county or a full time staff member of any city, the county government, local transit operator, or state transportation agency from being on the committee. ITOC voting members shall have no legal action pending against the Authority or San Bernardino Associated Governments and are prohibited from acting in any commercial activity directly or indirectly involving the Authority or San Bernardino Associated Governments, such as being a consultant during their tenure on the ITOC. ITOC voting members shall not have a direct commercial interest or employment with any public or private entity, which receives the transportation tax funds authorized by the voters.

Committee Term of Office

Committee members shall serve staggered four-year terms. In no case shall any voting committee member serve more than eight years on the ITOC.

Time Commitment

It is anticipated that the committee will meet up to four times a year, including a public meeting, to reports its findings.

Compensation

Per the terms of the Measure I approved by the voters, ITOC members will serve without compensation. ITOC members will be reimbursed for authorized travel and mileage related to the work of the ITOC.



Independent Taxpayer Oversight Committee (ITOC)

Overview

How Committee Members Are Selected

If interested, complete an application and submit it before 5:00pm, October 21, 2016 to:

SANBAG
1170 W. 3rd Street, 2nd Floor
San Bernardino, CA 92410-1715
ATTN: ITOC Selection

Applications meeting the minimum qualifications will be submitted to the ITOC Selection Committee of the SANBAG Board of Directors. The ITOC Selection Committee will select the most qualified applicants to participate in an interview with them. The ITOC Selection Committee will recommend applicants to be appointed to the ITOC. The recommended appointments will then be submitted for approval to the SANBAG Board of Directors.

Contact for Questions/Information

Duane Baker, Deputy Executive Director
Phone: 909-884-8276
Email: dbaker@sanbag.ca.gov.

Also, please refer to the SANBAG website www.sanbag.ca.gov.

Minute Action

AGENDA ITEM: 11

Date: August 10, 2016

Subject:

Changes to the Commercial HERO Program Adding Renovate America, Inc.

Recommendation:

That the General Policy Committee recommend the Board approve Resolution No. 17-003 authorizing changes to the Commercial HERO Program administered for San Bernardino Associated Governments (SANBAG) by adding Renovate America, Inc.

Background:

In October 2013, the Board of Directors approved a Property Assessed Clean Energy (PACE) program for both residential and commercial properties throughout San Bernardino County. That program is known as the HERO Program. At that time the residential program was administered by Renovate America, Inc. and the commercial program was administered by SAMAS Capital, LLC.

Now Renovate America desires to initiate a commercial PACE program to be marketed under the HERO name. Both SAMAS Capital and Renovate America have agreed that SAMAS will establish a new name for the commercial program that they will administer. The new name for the commercial program administered by SAMAS Capital, LLC will be "Samas Commercial". Renovate America, Inc. will use the name HERO Commercial Program for the program that they will administer.

It is in SANBAG's and commercial property owners' interests to have Renovate America, Inc. provide commercial PACE services. This will provide for two options for commercial property owners within the already established procedures SANBAG uses for its current PACE operations so there will not be any additional administrative burden.

In order to proceed with these changes, the Board of Directors will need to approve Resolution No. 17-003 to approve and modify certain documents to reflect Renovate America, Inc. providing commercial PACE services. This resolution will accomplish the following:

- Approve modifications to the Program Report and the Commercial Handbook (under separate cover).
- Approve the forms of the Administrative Services Agreement (16-1001558) and the Master Bond Purchase Agreement (16-1001559) with Renovate America, Inc. to provide for the administration of a commercial PACE program and the purchase of bonds to fund that program and authorize the Executive Director or designee to execute the final forms of those agreements with concurrence of Bond Counsel.

Entity: COG

General Policy Committee Agenda Item

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- Authorize the issuance of Limited Obligation Improvement Bonds in an amount not to exceed \$250 million to finance the installation of Eligible Improvements on commercial properties.
- Approve the form of the Master and Supplemental Indenture related to the issuance of bonds to finance the commercial PACE program and authorize the Executive Director or designee to execute the final forms of those agreements with concurrence of Bond Counsel (on file with the Clerk).
- Authorize the Executive Director or designee to approve future Master Indentures and order the closure of such Master Indentures for each tranche of Limited Obligation Improvement Bonds provided that such future Master Indentures have no substantive revisions. Any such substantive revisions will require approval of the Board of Directors.
- Authorize the negotiated sale of the Limited Obligation Improvement Bonds to Renovate America, Inc. or their assignee under the terms of Master and Supplemental Indentures.
- Appoint Deutsche Bank National Trust Company as the Trustee.
- Approve the form of the Limited Obligation Improvement Bonds.
- Specifies, pursuant to Streets and Highways Code Section 8769, that SANBAG and its member agencies are not obligated to cure any deficiency related to the Limited Obligation Improvement Bonds.

The approval of this resolution and the related documents will authorize Renovate America, Inc. to begin providing commercial PACE services in addition to the current commercial PACE provider SAMAS Capital, LLC. The underwriting guidelines and underlying documents concerning the operation of the commercial program will remain essentially the same. These actions will provide more options for commercial property owners. Finally, the additional commercial PACE services can be supported by our existing consultant team and using existing staff resources.

Financial Impact:

This item has the potential to increase revenues to SANBAG through fees remitted by Renovate America, Inc. for commercial projects that they oversee. SANBAG receives 1.15% as an administrative fee. The total amount received by SANBAG will depend on the number and value of commercial projects. Staff is anticipating no more than \$75,000 in fiscal year 2016/2017 being credited to revenue fund 48007000 (PACE fees).

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee. SANBAG General Counsel has reviewed this item, the draft agreements, and draft master indenture.

Responsible Staff:

Duane Baker, Deputy Executive Director

Approved
General Policy Committee
Date: August 10, 2016

Witnessed By:

RESOLUTION NO. 17-003

RESOLUTION OF THE SAN BERNARDINO ASSOCIATED GOVERNMENTS AUTHORIZING RENOVATE AMERICA, INC., TO ADMINISTER AND FINANCE AUTHORIZED IMPROVEMENTS TO BE INSTALLED ON COMMERCIAL PROPERTIES, AND IN CONNECTION WITH SUCH AUTHORIZATION, APPROVING AMENDMENTS TO THE PROGRAM REPORT FOR THE SANBAG HERO PROGRAM AND THE FORMS OF A COMMERCIAL HANDBOOK, COMMERCIAL APPLICATION, ASSESSMENT CONTRACT, MASTER BOND PURCHASE AGREEMENT, ADMINISTRATION AGREEMENT AND MASTER INDENTURE AND AUTHORIZING THE ISSUANCE OF BONDS PURSUANT TO SUCH MASTER INDENTURE SECURED BY ASSESSMENTS LEVIED ON COMMERCIAL PROPERTIES TO FINANCE THE INSTALLATION OF AUTHORIZED IMPROVEMENTS ON SUCH COMMERCIAL PROPERTIES AND APPROVING OTHER ACTIONS IN CONNECTION THERETO

WHEREAS, the Board of Directors of the San Bernardino Associated Governments (“SANBAG”) undertook proceedings pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (the "Chapter 29"), the Joint Powers Agreement of the San Bernardino Associated Governments (“SANBAG”) originally made and entered into October 17, 1975 (the “Joint Powers Agreement”), as further amended to date, and each separate Memorandum of Understanding (each, a “PACE Memorandum of Understanding”) by and between SANBAG and those parties (each, a “Participating Party”) to the Joint Powers Agreement identified in Exhibit A of Resolution No. 13-038 entered into as of the effective date of such Resolution, to establish and did establish, by the adoption of Resolution No. 13-044 (the “Resolution Establishing the Program”), a voluntary contractual assessment program, to be known as the SANBAG HERO Program (the “Program”), to assist property owners within the jurisdictional boundaries of each Participating Party with the cost of installing distributed generation renewable energy sources, energy or water efficient improvements or electric vehicle charging infrastructure (the “Eligible Improvements”) that are permanently fixed to their property; and

WHEREAS, by the adoption of the Resolution Establishing the Program, the Board of Directors approved a report (the “Program Report”) addressing all of the matters set forth in Sections 5898.22 and Section 5898.23 of Chapter 29, including establishment of the boundaries of the territory of the Participating Parties within which voluntary contractual assessments may be offered (the “Program Area”) to provide for financing of the installation of Eligible Improvements on properties within the Program Area; and

WHEREAS, since the establishment of the Program the administration and financing of the installation of Eligible Improvements (“Eligible Improvements”) on commercial properties (“Commercial Properties”) located within the program area of the Program (the “Program Area”) as authorized under and defined by the Program has been exclusively undertaken by Samas Capital, LLC (“Samas Commercial Program); and

WHEREAS, during this same time, the administration and financing of the installation of Eligible Improvements on residential properties (“Residential Properties”) located within the Program Area as authorized under and defined by the Program has been exclusively undertaken by Renovate America, Inc. (“Renovate America”); and

WHEREAS, Renovate America has now created the infrastructure and developed the resources to administer and finance the installation of Eligible Improvements on Commercial Properties and has offered and requested to be able to also provide such administration and financing for Commercial Properties for the Program; and

WHEREAS, the Board of Directors has determined that it would be in the best interests of the Program and the owners of Commercial Properties within the Program Area to enable Renovate America to administer and finance a commercial program as a part of the Program (the "HERO Commercial Program"), separate and apart from the Samas Commercial Program, to finance the installation of Eligible Improvements on Commercial Properties in the Program Area; and

WHEREAS, in order to provide for and implement such authorization for the establishment of a HERO Commercial Program as a part of the Program, it will be necessary to modify the Program Report and to approve the form of an application (the "HERO Commercial Program Application"), a handbook (the "Commercial Handbook") and an assessment contract (the "HERO Commercial Program Assessment Contract") for the HERO Commercial Program to be incorporated into the Program Report; and

WHEREAS, SANBAG and Renovate America desire to enter into an Administration Agreement to establish the terms and conditions pursuant to which Renovate America will administer the HERO Commercial Program and a Master Bond Purchase Agreement to establish the terms and conditions pursuant to which SANBAG will issue and Renovate America will purchase the limited obligation improvement bonds to finance the installation of Eligible Improvements on Commercial Properties the owners of which elect to participate in the HERO Commercial Program; and

WHEREAS, the Board of Directors desires to authorize the issuance of limited obligation improvement bonds to finance the installation of Eligible Improvements on Commercial Properties the owners of which elect to participate in the HERO Commercial Program such bonds to be secured by the voluntary contractual assessments levied on such Commercial Properties and to approve the form of a master indenture to establish the terms and conditions pursuant to which such bonds shall be issued and administered; and

WHEREAS, forms of the amended Program Report, the Commercial Application, the Commercial Handbook, the Assessment Contract, the Administration Agreement and the Master Bond Purchase Agreement have been presented to the Board of Directors for its review and approval; and

WHEREAS, this Board of Directors, with the aid of its staff and counsel, has reviewed the documents identified in the preceding recital and found them to be in proper order.

WHEREAS, there has been submitted to the Board of Directors forms of a master Indenture, including a supplemental indenture thereto contained in such master indenture, providing for the issuance of limited obligation improvement bonds to be designated substantially as the "San Bernardino Associated Governments Limited Subordinate Obligation Improvement Bonds (HERO Commercial Program) (_____ Commercial Property Tranche) (the "Limited Obligation Improvement Bonds" or "LOI Bonds") in one or more series (each such series of bonds referred to as a "Series") pursuant to Chapter 29, the 1915 Act and this resolution and the use of the proceeds of such Bonds to finance the installation of Eligible Improvements on Commercial Parcels that are participating in the HERO Commercial Program; and

WHEREAS, the SANBAG staff and the SANBAG HERO financing team have advised the Board of Directors that the projected volume of the Limited Obligation Improvement Bonds to be issued for the HERO Commercial Program will be such that the owners of such bonds will desire to undertake securitization of such bonds thereby necessitating the approval of multiple master indentures on a regular basis as such securitizations occur and have recommended that the Board of Directors delegate to the Executive Director the authority to approve, subject to the review of and concurrence by Best Best & Krieger LLP, as bond counsel to SANBAG for the

Program (“Bond Counsel”), a new master indenture for each new tranche of such bonds substantially in the form of the master indenture presented to and approved by the Board of Directors by adoption of this Resolution in order to facilitate the ongoing issuance of such bonds and administration thereof and the subsequent securitization thereof; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Limited Obligation Improvement Bonds exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including Chapter 29 and the 1915 Act;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the San Bernardino Associated Governments as follows:

Section 1. Approval of the Amended Program Report, the Commercial Application, the Commercial Assessment Contract and the Commercial Handbook. The Board of Directors hereby approves the forms of the amended Program Report, the Commercial Application and the Commercial Assessment Contract, the final forms of which shall be incorporated in the Program Reports, and the Commercial Handbook, presented to the Board of Directors at this meeting together with any changes therein and additions thereto approved by the Executive Director, or any designee of the Executive Director (each, an “Authorized Representative”) and reviewed and concurred in by Bond Counsel.

Section 2. Approval of Forms of the Administration Agreement and the Master Bond Purchase Agreement. The Board of Directors hereby approves the forms of the Administration Agreement and the Master Bond Purchase Agreement presented to the Board of Directors at this meeting, together with any changes therein or additions thereto approved by the Executive Director or another Authorized Representative and reviewed and concurred in by Bond Counsel, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Board of Directors hereby authorizes and directs an Authorized Representative to execute the final forms of the Administration Agreement and the Master Bond Purchase Agreement for and in the name of SANBAG.

Section 3. Authorization of Issuance of Limited Obligation Improvement Bonds. The Board of Directors hereby authorizes the issuance of one or more Series of the Limited Obligation Improvement Bonds under and pursuant to Chapter 29, the 1915 Act and this Resolution in the maximum aggregate principal amount not to exceed \$250,000,000 to finance the installation of Eligible Improvements to be installed or caused to be installed on Commercial Properties that are participating in the HERO Commercial Program and are located in the Program Area.

Section 4. Approval of Master Indenture and Supplemental Indenture. With respect to the Limited Obligation Improvement Bonds to be issued on or after the effective date of this Resolution, the Board of Directors hereby approves the form of the master indenture (the “Initial Master Indenture”) substantially in the form on file with the Secretary, together with any changes therein and additions thereto approved by the Executive Director or any Authorized Representative and reviewed and concurred in by Bond Counsel, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Board of Directors hereby authorizes and directs an Authorized Representative to execute the final form of the Initial Master Indenture for and in the name of SANBAG for each Series (as defined in the Initial Master Indenture) of the Limited Obligation Improvement Bonds. The Board of Directors hereby authorizes the delivery and performance of the Initial Master Indenture for each Series of the Limited Obligation Improvement Bonds.

The Board of Directors hereby approves the form of the supplemental indenture substantially in the form contained in the Initial Master Indenture (the "Supplemental Indenture"), together with any changes therein or additions thereto approved by an Authorized Representative and reviewed and concurred in by Bond Counsel, required for the issuance of each LOI Bond, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Board of Directors hereby authorizes and directs an Authorized Representative to execute the final form of each Supplemental Indenture for and in the name of SANBAG for each Series of Limited Obligation Improvement Bonds. The Board of Directors hereby authorizes the delivery and performance of each Supplemental Indenture for each Series of Limited Obligation Improvement Bonds.

Section 5. Closure of the Initial Limited Obligation Improvement Bonds. The Executive Director or another Authorized Representative is hereby authorized to order the closure of the Initial Master Indenture and direct that no further bonds be issued pursuant to such master indenture by delivering an Officer's Certificate (as defined in the Initial Master Indenture) to the Trustee to such effect.

Section 6. Delegation of Authority to Approve Additional Master Indentures and Order the Closure of such Master Indentures. With respect to additional future Limited Obligation Improvement Bonds to be issued following the closure of the Initial Master Indenture (each, "Future Limited Obligation Improvement Bonds") to be issued on or after the effective date of this Resolution, the Board of Directors hereby delegates to the Executive Director or another Authorized Representative the authority to approve the master indenture for each such tranche of bonds (each, a "Future Master Indenture") so long as such master indenture is substantially in the form of the Initial Master Indenture, together with any changes therein and additions thereto approved by the Executive Director, or another Authorized Representative, and reviewed and concurred in by Bond Counsel, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Board of Directors hereby authorizes and directs an Authorized Representative to execute the final form of each such Future Master Indenture for and in the name of SANBAG for each series of the Future Limited Obligation Improvement Bonds authorized to be issued pursuant to such Future Master Indenture. The Board of Directors hereby authorizes the delivery and performance of such Future Master Indenture for each series of such Future Limited Obligation Improvement Bonds.

The Board of Directors hereby delegates to the Executive Director or another Authorized Representative the authority to approve each supplemental indenture required for the issuance of each series of such Future Limited Obligation Improvement Bonds (each, a "Future Supplemental Indenture") pursuant to the applicable Future Master Indenture, together with any changes therein and additions thereto approved by the Executive Director, or another Authorized Representative, and reviewed and concurred in by Bond Counsel, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Board of Directors hereby authorizes and directs an Authorized Representative to execute the final form of each Future Supplemental Indenture for and in the name of SANBAG for each series of Future Limited Obligation Improvement Bonds. The Board of Directors hereby authorizes the delivery and performance of each such Future Supplemental Indenture for each series of Future Limited Obligation Improvement Bonds.

Proposed provisions of any Future Master Indenture that constitute substantive revisions to the Initial Master Indenture shall be subject to the approval of the Board of Directors.

The Executive Director or another Authorized Representative is hereby authorized to order the closure of any Future Master Indenture and direct that no further bonds be issued

pursuant to such master indenture by delivering a certificate of SANBAG to such effect to the Trustee under such Future Master Indenture.

Section 7. Sale of the Limited Obligation Improvement Bonds. SANBAG hereby authorizes the negotiated sale of the Limited Obligation Improvement Bonds to Renovate America, Inc. or an assignee thereof approved by Executive Director (the "Purchaser") provided that the conditions for issuance of each such Limited Obligation Improvement Bond set forth in the applicable Master Indenture and the applicable Supplemental Indenture have been satisfied. Each Limited Obligation Improvement Bond shall be sold to the Purchaser pursuant to the applicable Master Indenture and the Supplemental Indenture applicable to such bond or Series thereof. The Board of Directors hereby delegates to the Executive Director or another Authorized Representative the authority to establish and agree with the Purchaser to the final terms for each Limited Obligation Improvement Bond or Series thereof including, but not limited to, the principal amount thereof, the interest rate on such Limited Obligation Improvement Bond or Series thereof and the redemption provisions.

Section 8. Appointment of Trustee. Deutsche Bank National Trust Company is appointed as Trustee pursuant to each Master Indenture and each Supplemental Indenture, to take any and all actions provided for therein to be taken by the Trustee.

Section 9. Form of Limited Obligation Improvement Bonds. The form of Limited Obligation Improvement Bonds as set forth in the form of each Supplemental Indenture is approved. The Treasurer of SANBAG and the Secretary of the Board of Directors are authorized and directed to execute by manual or facsimile signature, in the name and on behalf of SANBAG, the Limited Obligation Improvement Bonds in either temporary or definitive form and to deliver or cause the delivery of each Limited Obligation Improvement Bond to the applicable Limited Obligation Improvement Bonds Purchaser pursuant to the applicable Master Indenture.

Section 10. No Obligation of SANBAG and its Members. Pursuant to Streets and Highways Code Section 8769, this Board of Directors does hereby determine that SANBAG will not obligate itself to advance funds from the SANBAG treasury to cure any deficiency in the Redemption Fund (as such term is defined in the applicable Master Indenture) for the Limited Obligation Improvement Bonds established pursuant to such Master Indenture. The Board of Directors further declares and determines that no Member shall be obligated to advance funds from the treasury of such Regular Member to cure any such deficiency in such Redemption Fund.

Section 11. Conditions of Approval. The approvals, authorization and direction given by this Resolution are conditioned upon the satisfaction of the requirements hereof and of each Master Indenture with respect to the issuance and sale of the Limited Obligation Improvement Bonds. The Authorized Officers and shall not take any action with respect to the execution and delivery of a Supplemental Indenture or the issuance, sale or delivery of any Limited Obligation Improvement Bond unless and until such conditions are satisfied; provided, however, that upon satisfaction of such conditions as to any Limited Obligation Improvement Bond, this Resolution shall be fully effective and shall be carried out as to such Limited Obligation Improvement Bonds without the further approval or action of the Board of Directors.

Section 12. Official Actions. Each officer of SANBAG or Authorized Representative is hereby authorized and directed, for and in the name and on behalf of SANBAG, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the issuance and sale of the Limited Obligation Improvement Bonds and any of the

other transactions contemplated by the documents approved pursuant to this Resolution. All actions heretofore taken by the officers and agents of SANBAG with respect to the establishment of the Program and the sale and issuance of the Limited Obligation Improvement Bonds are hereby approved, confirmed and ratified.

Section 13. Additional Action. The Executive Director or any Authorized Representative is hereby authorized and directed to approve any other documents related to the HERO Commercial Program necessary in the judgment of the Executive Director or such Authorized Representative to conform such documents to the actions taken by the adoption of this Resolution.

Section 14. Effective Date. This Resolution shall take effect upon the date of its adoption.

PASSED AND ADOPTED at a Meeting of the Board of Directors of the San Bernardino Associated Governments held on _____, 2016.

Contract Summary Sheet

General Contract Information

Contract No: 16-1001558 Amendment No.: _____ Vendor No.: 03010
 Vendor/Customer Name: Renovate America, Inc. Sole Source? Yes No
 Description: Services to assist in implementing a Commercial PACE Program
 Start Date: 09/07/2016 Expiration Date: 06/30/2018 Revised Expiration Date: _____
 Has Contract Term Been Amended? No Yes - Please Explain _____
 List Any Related Contracts Nos.: 16-1001559

Dollar Amount			
Original Contract	\$ -	Original Contingency	\$ -
Revised Contract (Inclusive of Prior Amendments)	\$ -	Revised Contingency (Inclusive of Prior Amendments)	\$ -
Current Amendment	\$ -	Contingency Amendment	\$ -
TOTAL CONTRACT VALUE	\$ -	TOTAL CONTINGENCY VALUE	\$ -
		TOTAL DOLLAR AUTHORITY (Contract Value and Contingency)	\$ -

Contract Authorization

Executive Director Date: _____
 Executive Director Action: _____
 Board of Directors Date: _____
 Board of Directors Action: _____

Contract Management: Payable/Miscellaneous

Invoice Warning: 20% Renewals: _____ Type: Capital PAA Other
 Retention: % Maximum Retention: \$ -
 Services: Construction Intrgrnt/MOU/COOP A & E Services Other Professional Services
 Disadvantaged Business Enterprise (DBE) Goal _____ %

Contract Management: Receivable

E-76 and/or CTC Date _____ (Attach Copy) Program Supplement No.: _____
 Finance Letter Reversion Date: _____ EA No.: _____

All of the above MUST be submitted to FINANCE including originals, amendments and miscellaneous transaction changes

Additional Information

Project Manager: Duane Baker

Attachment: 16-1001558css (2975 : Changes to the Commercial HERO Program Adding Renovate America, Inc.)

CONTRACT No. C16-1001558**BY AND BETWEEN****SAN BERNARDINO ASSOCIATED GOVERNMENTS****AND****RENOVATE AMERICA, INC.****FOR****SERVICES TO ASSIST IN THE IMPLEMENTATION AND ADMINISTRATION OF
FINANCING MECHANISMS FOR THE SANBAG HERO PROGRAM,
A PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM,
FOR COMMERCIAL PROPERTIES
IN PARTICIPATING CITIES AND SAN BERNARDINO COUNTY**

This Contract No. C16-1001558 (the “Contract”), is made and entered into and effective on the Effective Date by and between San Bernardino Associated Governments (hereinafter referred to as “SANBAG”) whose address is 1170 W. 3rd Street, 2nd Floor, San Bernardino, California 92410-1715; and the firm of Renovate America, Inc., a Delaware corporation, whose address is 16620 W. Bernardo Drive, San Diego, California 92127 (hereinafter referred to as “RENOVATE AMERICA”). SANBAG and RENOVATE AMERICA are each a “Party” and collectively “Parties” herein.

RECITALS

WHEREAS, SANBAG established a voluntary contractual assessment program, commonly referred to as a property assessed clean energy program (the “PACE Program”), pursuant to the provisions of Chapter 29 of Part 3, Division 7 of the California Streets and Highways Code (commencing at Section 5898.12) (“Chapter 29”), as such provisions may currently exist or may be amended hereinafter from time to time, to finance the cost of installation of distributed generation renewable energy sources, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure (collectively, the “Eligible Improvements”) that are permanently fixed to commercial properties (the “Commercial Properties”) or residential properties (the “Residential Properties”) located within jurisdictions within San Bernardino County which jurisdictions are parties to the Amended Agreement for the Joint Exercise of Powers Relative to the San Bernardino Associated Governments and elect to

participate in the PACE Program (the PACE Program as applied to Commercial Properties shall be referred to herein as the “Program”); and

WHEREAS, SANBAG and RENOVATE AMERICA entered into Contract No. C14053 to provide that RENOVATE AMERICA, as part of the PACE Program, would administer and finance a program to finance the installation of Eligible Improvements on Residential Properties (the “Residential Program”) within San Bernardino County (the “Program Area”); and

WHEREAS, SANBAG also entered into an agreement with SAMAS CAPITAL, LLC (“SAMAS CAPITAL”) to provide that SAMAS CAPITAL would, as part of the PACE Program, administer and finance a separate program to finance the installation of Eligible Improvements on Commercial Properties (the “SAMAS Commercial Program”) within the Program Area; and

WHEREAS, the services described in the preceding recital shall be referred to as the “Commercial Program Administration Services”; and

WHEREAS, RENOVATE AMERICA has created the infrastructure and developed the resources to administer and finance the installation of Eligible Improvements on Commercial Properties; and

WHEREAS, the Board of Directors has determined that it would be in the best interests of the owners of Commercial Properties within the Program Area to enable RENOVATE AMERICA to provide Commercial Program Administration Services (the “HERO Commercial Program”) separate and apart from the Residential Program and the SAMAS Commercial Program to finance the installation of Eligible Improvements on Commercial Properties in the Program Area; and

WHEREAS, the Board of Directors has, concurrently with approval of this Contract, amended the program report adopted in connection with the implementation of the PACE Program (the “Program Report”) to enable Renovate America to implement the HERO Commercial Program within the Program Area; and

WHEREAS, RENOVATE AMERICA has confirmed that it has the experience and is capable and qualified to provide the Commercial Program Administration Services and the HERO Commercial Program Funding as described herein and desires to do so for the compensation and in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, the Parties hereto agree as follows:

ARTICLE 1. DESCRIPTION OF SERVICES

RENOVATE AMERICA agrees to perform the Commercial Program Administration Services for the HERO Commercial Program as set forth in Attachment “A”, Scope of Services, hereinafter referred to collectively as “Services”, which is incorporated herein by reference, and to provide the HERO Commercial Program Funding consistent with the Scope of Program Funding as set forth in Attachment “B” and the terms and conditions of the Master Bond

Purchase Agreement to be entered into by SANBAG and RENOVATE AMERICA concurrently with this Contract, which is incorporated herein by this reference, in accordance with standards which are generally accepted in the State of California, in accordance with the terms and conditions expressed herein and in the sequence, time, and manner defined therein. The Services performed or provided hereunder and the HERO Commercial Program Funding provided hereunder shall be completed in accordance with the prevailing standards in the industry.

ARTICLE 2. PERIOD OF PERFORMANCE

The Period of Performance by RENOVATE AMERICA under this Contract shall commence upon issuance of a written Notice To Proceed issued by SANBAG to RENOVATE AMERICA, unless agreed otherwise, and shall continue in full force and until June 30, 2018, or until otherwise terminated or extended as provided herein.

SANBAG, at its sole discretion, may extend the original term of the Contract for up to four (4) additional one (1) year Periods (each, an "Option Term") upon written notice to RENOVATE AMERICA delivered not later than thirty (30) days prior to the end of the then-current term or Option Term, as applicable. The maximum term of this Contract, including the Option Term(s), if exercised will not exceed eight (8) years from the date of the Notice to Proceed.

ARTICLE 3. SANBAG'S PROJECT MANAGER.

SANBAG hereby designates Duane Baker, or his designee, to act as its representative for the performance of this Contract ("SANBAG's Project Manager"). SANBAG's Project Manager shall have the power to act on behalf of SANBAG for all purposes under this Contract. RENOVATE AMERICA shall not accept direction or orders from any person on behalf of SANBAG other than SANBAG's Project Manager or his or her designee. SANBAG's Project Manager shall provide written notice to RENOVATE AMERICA of the appointment or the rescission of the appointment of any designee of SANBAG's Project Manager hereunder.

ARTICLE 4. RENOVATE AMERICA'S REPRESENTATIVES

RENOVATE AMERICA hereby designates John Paul McNeill, or his designee, to act as its representative for the performance of this Contract ("RENOVATE AMERICA's Representative"). RENOVATE AMERICA's Representative shall have full authority to represent and act on behalf of RENOVATE AMERICA for all purposes under this Contract. RENOVATE AMERICA's Representative shall supervise and direct all Services, using his or her best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of RENOVATE AMERICA's responsibilities under this Contract. RENOVATE AMERICA's Representative shall provide written notice to SANBAG's Project Manager of the appointment or the rescission of the appointment of any designee of RENOVATE AMERICA's Representative hereunder.

ARTICLE 5. COMPENSATION

5.1 Contingency of Funding - RENOVATE AMERICA understands and acknowledges that SANBAG has no available moneys or current source of moneys to fund the HERO Commercial Program, including payment of compensation to RENOVATE AMERICA for Services or Program Funding provided hereunder. SANBAG intends to fund the HERO Commercial Program, including the funding of all Contractual Assessments and such compensation payable to RENOVATE AMERICA and RENOVATE AMERICA'S subcontractors, solely from the proceeds of Bonds (defined in Section 6.1 below). Based upon the foregoing, in establishing the terms and conditions pursuant to which RENOVATE AMERICA shall be compensated for all Services rendered under this Contract, SANBAG and RENOVATE AMERICA assume and agree that all such compensation shall be paid solely from the proceeds of Bonds ("Bond Proceeds") and that the availability of such revenues will be contingent upon the issuance of Bonds.

5.2 Fees and Payment - SANBAG has no responsibility to directly pay RENOVATE AMERICA for its Services provided or performed hereunder or the HERO Commercial Program Fund provided hereunder and the only payment to RENOVATE AMERICA for the provision or the performance of such Services or provision of such Program Funding shall be from Bond Proceeds of the Bond(s) issued to finance the Eligible Improvements for Commercial Properties participating in the HERO Commercial Program. RENOVATE AMERICA will be compensated for such Services provided or performed as provided in this Section 5.2.

At the time of the issuance of each Bond or series of Bonds to fund Eligible Improvements for a Commercial Property or Commercial Properties participating in the HERO Commercial Program, RENOVATE AMERICA will receive:

(a) a one-time fee for its Services AS SET FORTH IN Exhibit "H" of the Master Bond Purchase Agreement, Contract # C 16-1001559 by and between SANBAG and RENOVATE AMERICA.

The foregoing rate of compensation is subject to revision by mutual written agreement of SANBAG and RENOVATE AMERICA in the event that the Services set forth in Attachment "A" are revised following the Effective Date.

ARTICLE 6. FINANCING OF ELIGIBLE IMPROVEMENTS THROUGH THE HERO COMMERCIAL PROGRAM FUNDING

6.1 Issuance of Bonds - Program Funding for the installation of Eligible Improvements on any eligible Commercial Property for which the owner thereof has entered into an Assessment Contract substantially in the form to be set forth in a program report approved by SANBAG pursuant to Chapter 29 ("Program Report") shall be provided through the issuance by SANBAG of one or more bonds (the "Bonds") pursuant to (i) the provisions of Chapter 29, the Improvement Bond Act of 1915 (Streets and Highways Code Section 8500 and following) or such other legislation as may be applicable to the issuance of Bonds and specified in the Program Report for the purposes described herein, (ii) an indenture of trust, trust agreement, bond

indenture or similar instrument by and between SANBAG and a trustee or fiscal agent thereunder (each, a “Trustee”) establishing certain terms and conditions applicable to all Bonds issued pursuant to such instrument, and in a form approved by RENOVATE AMERICA (each, a “Master Indenture”), (iii) as may be necessary, a supplemental indenture by and between SANBAG and the Trustee establishing the terms and conditions specifically applicable to such Bond (and in a form approved by RENOVATE AMERICA, each, a “Supplemental Indenture”) and (iv) a separate Bond Purchase Agreement by and between SANBAG, as the issuer of such Bonds, and RENOVATE AMERICA, as the purchaser of such Bonds (the “Purchase Agreement”). Each Bond shall be secured by and payable from an Assessment Contract or Contractual Assessments (including any installments thereof) that are levied by SANBAG on such Commercial Property or Commercial Properties pursuant to the Assessment Contract or Assessment Contracts applicable to such Commercial Property or Commercial Properties. For the avoidance of doubt, the terms, application of proceeds of any Bond, redemption provisions and payment schedule applicable to each such Bond shall be set forth in the Master Indenture or the Supplemental Indenture applicable to such Bond and such terms and conditions shall be approved by RENOVATE AMERICA and SANBAG.

ARTICLE 7. COMMENCEMENT OF PERFORMANCE OF SERVICES

No Services shall be performed prior to approval of this Contract by SANBAG’s Board of Directors and by RENOVATE AMERICA.

ARTICLE 8. INDEPENDENT CONTRACTOR

RENOVATE AMERICA is and shall be at all times an independent contractor. Accordingly, all Services and Program Funding provided by RENOVATE AMERICA shall be done and performed by RENOVATE AMERICA under the sole supervision, direction and control of RENOVATE AMERICA. SANBAG shall rely on RENOVATE AMERICA for results only, and shall have no right at any time to direct or supervise RENOVATE AMERICA or RENOVATE AMERICA’s employees in the performance of Services or as to the manner, means and methods by which Services are performed. All personnel used by RENOVATE AMERICA in the performance of Services and provision of Program Funding pursuant to this Contract, and all representatives of RENOVATE AMERICA, shall be and remain the employees, contractors or agents of RENOVATE AMERICA or of RENOVATE AMERICA’s subcontractor(s) at all times, and shall not at any time or for any purpose whatsoever be considered employees or agents of SANBAG. Because RENOVATE AMERICA is an independent contractor, SANBAG will not withhold or make payments for social security, make unemployment insurance or disability insurance contributions, obtain worker’s compensation insurance or pay any other taxes or fees on RENOVATE AMERICA’s behalf. RENOVATE AMERICA accepts exclusive liability for any and all taxes or contributions incurred in connection with the receipt by RENOVATE AMERICA of the compensation set forth in Article 5 hereof, including penalties and interest.

ARTICLE 9. RESPONSIBILITY OF RENOVATE AMERICA

9.1 RENOVATE AMERICA agrees to work closely with SANBAG staff in the performance of Services and provision of Program Funding and shall be reasonably available to SANBAG's staff.

9.2 RENOVATE AMERICA shall, prior to undertaking any discussions with SANBAG jurisdictions electing to participate in the HERO Commercial Program (each, a "SANBAG Participant") regarding the provision of Services or initiating any material marketing activities within the jurisdictional boundaries of any such SANBAG Participant, coordinate all such discussions and/or marketing efforts with SANBAG's Project Manager. RENOVATE AMERICA shall also provide SANBAG's Project Manager with all material marketing documentation for review and approval prior to distribution thereof either to SANBAG Participants, property owners or contractors. Approval of such information shall be deemed to be received by RENOVATE AMERICA within five business days of receipt of such materials by SANBAG's Project Manager unless SANBAG's Project Manager provides notice otherwise.

9.3 RENOVATE AMERICA shall perform all Services and provide Program Funding under this Contract and, as to the HERO Commercial Program Funding, the Purchase Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. RENOVATE AMERICA represents and maintains that it is skilled in the professional calling and has the financial resources necessary to perform Services and provide the HERO Commercial Program Funding. RENOVATE AMERICA warrants that all employees and/or agents of RENOVATE AMERICA shall have sufficient skill and experience to perform Services assigned to them. Finally, RENOVATE AMERICA represents that it, its employees and agents have, or will have prior to the performance of Services or the provision of Program Funding, all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform Services or to provide Program Funding, and that such licenses and approvals shall be maintained throughout the term of this Contract. RENOVATE AMERICA shall perform, at its own cost and expense and without reimbursement from SANBAG, any services necessary to correct errors or omissions which are caused by RENOVATE AMERICA's failure to comply with the standard of care provided for herein.

9.4 RENOVATE AMERICA shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Services or the provision of Program Funding, including without limitation, all Cal/OSHA requirements, safety and health laws, orders and regulations and all applicable federal and state securities laws and regulations, and shall give all notices required by law. RENOVATE AMERICA shall be liable for all violations of such laws, rules and regulations in connection with Services and the provision of Program Funding and, if RENOVATE AMERICA performs or fails to perform any work knowing it to be contrary to such laws, rules and

regulations and without giving written notice to SANBAG, RENOVATE AMERICA shall be solely responsible for all costs arising therefrom.

ARTICLE 10. REPORTING AND DELIVERABLES

All reports and deliverables shall be submitted in accordance with Attachment “A”, Scope of Services.

ARTICLE 11. EQUAL EMPLOYMENT OPPORTUNITY/DRUG FREE WORKPLACE

During the term of this Contract, RENOVATE AMERICA shall not willfully discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, medical condition, gender, marital status, sexual orientation, age, political affiliation or disability. RENOVATE AMERICA agrees to comply with the provisions of Executive Orders 11246, 11375, 11625, 12138, 12432, 12250, Title VII of the Civil Rights Act of 1964, the California Fair Employment Practice Act and other applicable Federal, State and County laws and regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.

11.1 RENOVATE AMERICA agrees to comply with the Drug Free Workplace Act of 1990 per Government Code section 8350 et seq.

ARTICLE 12. CONFLICT OF INTEREST

RENOVATE AMERICA agrees that it presently has no interest financial or otherwise and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Contract. RENOVATE AMERICA further agrees that in the performance of this Contract, no person having any such interest shall be employed. RENOVATE AMERICA is obligated to fully disclose to SANBAG, in writing, of any conflict of interest issues as soon as they are known to RENOVATE AMERICA and to comply with SANBAG’s Policy 10102 regarding disclosure, attached hereto as Attachment “C” and incorporated herein by this reference.

ARTICLE 13. KEY PERSONNEL

The personnel specified below (the “Key Personnel”) are considered to be essential to Services being performed under this Contract. Prior to reallocation of tasks and hours of Services, which are the responsibility of Key Personnel to other personnel, RENOVATE AMERICA shall notify SANBAG reasonably in advance. Key Personnel are:

<u>Name</u>	<u>Function</u>
John Paul McNeill	Chief Executive Officer
Nick Fergis	Chief Operating Officer
Tom Hemmings	Chief Financial Officer

Notwithstanding the foregoing, the parties hereby acknowledge and agree that this Contract is not exclusive and that none of the Key Personnel set forth above currently allocate, or anticipate allocating in the future, 100% of their business time to the performance of the Services.

ARTICLE 14. PROPRIETARY RIGHTS/CONFIDENTIALITY

14.1 Proprietary Information – During the term of this Contract and for a period of three (3) years thereafter, each party agrees that it will take all steps reasonably necessary to hold the Proprietary Information (as defined below) of the other party (the “Disclosing Party”) in trust and confidence, will not use such Proprietary Information in any manner or for any purpose not expressly set forth in this Contract, and will not disclose any such Proprietary Information to any third party without first obtaining the Disclosing Party’s express written consent. By way of illustration but not limitation, “Proprietary Information” includes (a) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques (hereinafter collectively referred to as “Inventions”); and (b) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (c) information regarding the skills and compensation of employees of the Disclosing Party.

14.2 Third Party Information – In addition, each party understands that the parties hereto have received and in the future will receive from third parties confidential or proprietary information (“Third Party Information”) subject to a duty to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of this Contract and thereafter, each party will hold Third Party Information of the other party in the strictest confidence and will not disclose or use Third Party Information, except in connection with its performance under this Contract, or as expressly authorized in writing by an officer of the Disclosing Party.

14.3 Press Releases - All press releases, or press inquiries relating to this Contract, including graphic display information to be published in newspapers, magazines, and other publications, are to be made only as agreed to by RENOVATE AMERICA and SANBAG.

ARTICLE 15. TERMINATION

15.1 Termination by SANBAG without Cause - SANBAG shall have the right at any time, without cause, to terminate further performance of Services by written notice to

RENOVATE AMERICA specifying the date of termination (which date shall be no earlier than fourteen (14) calendar days from the date of such written notice. On the date of such termination stated in said notice, RENOVATE AMERICA shall discontinue performance of Services and shall preserve work in progress and completed work (“Work”), pending SANBAG’s instruction, and shall turn over such Work in accordance with SANBAG’s instructions.

15.1.1 RENOVATE AMERICA shall deliver to SANBAG, all deliverables prepared by RENOVATE AMERICA or its subcontractors or furnished to RENOVATE AMERICA by SANBAG. Upon such delivery, RENOVATE AMERICA may then invoice SANBAG for payment in accordance with the terms hereof.

15.1.2 Upon any such termination by SANBAG, RENOVATE AMERICA shall be entitled to receive any compensation due under Article 5 of this Contract. In addition, RENOVATE AMERICA shall be entitled to an hourly fee of \$400 per hour for any work required to preserve work in progress pursuant to Section 15.1 above and shall be entitled to receive the actual cost incurred by RENOVATE AMERICA to return RENOVATE AMERICA’s field tools and equipment, if any, to it or its suppliers’ premises, or to make the required deliveries in accordance with Section 15.1.1 above plus any additional and actual costs necessarily incurred in effecting the termination (cumulatively, “Termination Costs”). The source of payment of any such Termination Costs shall be limited to the Bond Proceeds.

15.2 Termination by SANBAG for Cause - In the event RENOVATE AMERICA shall file a petition in bankruptcy court, or shall make a general assignment for the benefit of its creditors, or if a petition in bankruptcy court shall be filed against RENOVATE AMERICA or a receiver shall be appointed on account of its solvency, or if RENOVATE AMERICA shall default in the performance of any express obligation to be performed by it under this Contract and shall fail to immediately correct (or if immediate correction is not possible, shall fail to commence and diligently continue action to correct) such default within fourteen (14) calendar days following written notice thereof, SANBAG may, without prejudice to any other rights or remedies SANBAG may have, and in compliance with applicable Bankruptcy Laws; (a) hold in abeyance further payments to RENOVATE AMERICA; (b) stop any Services of RENOVATE AMERICA or its subcontractors related to such failure until such failure is remedied; and/or (c) terminate this Contract by written notice to RENOVATE AMERICA specifying the date of termination. In the event of such termination by SANBAG, SANBAG may take possession of the deliverables and finish Services by whatever method SANBAG may deem expedient. A waiver by SANBAG of one default of RENOVATE AMERICA shall not be considered to be a waiver of any subsequent default of RENOVATE AMERICA, nor be deemed to waive, amend, or modify any term of this Contract.

15.2.1 Unless otherwise advised by the Disclosing Party, and upon written request from the Disclosing Party, any party in possession of Proprietary Information of the other party, shall promptly deliver to the Disclosing Party all documents and other materials of any nature pertaining to the Services, together with all documents and other items containing or pertaining to any of the Disclosing Party’s Proprietary Information.

15.3 Termination by RENOVATE AMERICA without Cause - RENOVATE AMERICA shall have the right at any time, without cause, to terminate further performance of Services by written notice to SANBAG specifying the date of termination (which date shall be no earlier than fourteen (14) calendar days from the date of such written notice. On the date of such termination stated in said notice, RENOVATE AMERICA shall discontinue performance of Services and shall preserve work in progress and completed work (“Work”), pending SANBAG’s instruction, and shall turn over such Work in accordance with SANBAG’s instructions.

15.3.1 RENOVATE AMERICA shall deliver to SANBAG, all deliverables prepared by RENOVATE AMERICA or its subcontractors or furnished to RENOVATE AMERICA by SANBAG. Upon such delivery, RENOVATE AMERICA may then be entitled to receive any compensation due under Article 5 of this Contract, net of SANBAG’s Termination Costs.

15.3.2 Upon any such termination by RENOVATE AMERICA, RENOVATE AMERICA shall pay SANBAG for SANBAG’s staff time, consultant and other costs associated with retaining and for higher compensation payable to a replacement contractor to provide the Services, provided that no entity shall be entitled to an hourly fee in excess of \$500 per hour, plus any and all other expenses SANBAG incurs as a result of RENOVATE AMERICA’s early termination of the Contract (cumulatively, “SANBAG’s Termination Costs”). SANBAG may invoice RENOVATE AMERICA and RENOVATE AMERICA shall pay SANBAG upon receipt of such invoice SANBAG’s Termination Costs. In SANBAG’s sole discretion, SANBAG may elect to deduct SANBAG’s Termination Costs from any compensation due RENOVATE AMERICA under Article 5 of this Contract.

15.4 Termination by RENOVATE AMERICA for Cause - In the event SANBAG shall file a petition in bankruptcy court, or shall make a general assignment for the benefit of its creditors, or if a petition in bankruptcy court shall be filed against SANBAG or a receiver shall be appointed on account of its solvency, or if SANBAG shall default in the performance of any express obligation to be performed by it under this Contract and shall fail to immediately correct (or if immediate correction is not possible, shall fail to commence and diligently continue action to correct) such default within fourteen (14) calendar days following written notice thereof, RENOVATE AMERICA may, without prejudice to any other rights or remedies RENOVATE AMERICA may have, and in compliance with applicable Bankruptcy Laws, stop any Services related to such failure until such failure is remedied and/or terminate this Contract by written notice to SANBAG specifying the date of termination. In the event of such termination by RENOVATE AMERICA, SANBAG may take possession of the deliverables and finish Services by whatever method SANBAG may deem expedient. A waiver by RENOVATE AMERICA of one default of SANBAG shall not be considered to be a waiver of any subsequent default of SANBAG, nor be deemed to waive, amend, or modify any term of this Contract.

15.4.1 In the event of such termination, RENOVATE AMERICA shall deliver to SANBAG all finished and unfinished products prepared under this Contract by RENOVATE AMERICA or its subcontractors or furnished to RENOVATE AMERICA by SANBAG.

15.5 Support for Claims for Compensation - All claims for compensation or reimbursement of costs under any of the foregoing provisions shall be supported by documentation submitted to the party against which the claims are made satisfactory in form and content to and verified by the party against which the claims are made.

ARTICLE 16. INSURANCE

Without any way affecting the indemnity provision identified in this Contract, RENOVATE AMERICA shall, at RENOVATE AMERICA's sole expense, and prior to the commencement of any Services, procure and maintain in full force, insurance through the entire term of this Contract. The policies shall be written by a California admitted carrier with an A.M. Best rating of A-VII or better, and shall be written with a least the following limits of liability:

16.1 Professional Liability - Professional Liability insurance shall be provided in an amount not less than \$1,000,000 per claim.

16.2 Workers' Compensation - Worker's Compensation insurance shall be provided in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers Liability in an amount not less than \$1,000,000 limits covering all persons providing services on behalf of RENOVATE AMERICA and all risks to such persons under this Contract.

16.3 Residential General Liability - To include coverage for Premises and Operations, Contractual Liability, Products/Completed Operations Liability, Personal Injury Liability, Broad-Form Property Damage and Independent Contractors' Liability, in an amount of not less than \$1,000,000 per occurrence, combined single limit, and \$2,000,000 in the aggregate written on an occurrence form. For products and completed operations a \$2,000,000 aggregate shall be provided.

16.4 Crime Coverage - To include Employee Dishonesty/Theft, Money & Securities, Computer Fraud, Funds Transfer Fraud, Money Orders with limits of \$1,000,000.

16.5 Automobile Liability - To include owned, non-owned and hired automobiles, in an amount of not less than \$1,000,000 combined single limit.

16.6 Proof of Coverage - RENOVATE AMERICA shall furnish certificates of insurance to SANBAG evidencing the insurance coverage required above, prior to the commencement of performance of Services hereunder, and such certificates shall include San Bernardino Associated Governments and its officers, employees, agents and volunteers, as additional insured on Comprehensive General Liability Insurance or Residential General Liability Insurance and auto insurance. Prior to commencing any work, RENOVATE AMERICA shall furnish SANBAG with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth in this Article. If the insurance company elects to cancel or non-renew coverage for any reason, RENOVATE AMERICA will provide SANBAG thirty (30) days written notice of cancellation or nonrenewal. If the policy is cancelled for nonpayment of premium RENOVATE

AMERICA will provide SANBAG ten (10) days written notice. RENOVATE AMERICA shall maintain such insurance for the entire term of this Contract.

16.7 Additional Insured - All policies, except for Worker's Compensation and Professional Liability policies, shall contain endorsements naming SANBAG and its officers, employees, agents, and volunteers as additional insureds with respect to liabilities arising out of the performance of Services hereunder. The additional insured endorsements shall not limit the scope of coverage for SANBAG to vicarious liability but shall allow coverage for SANBAG to the full extent provided by the policy.

16.8 Waiver of Subrogation Rights - RENOVATE AMERICA shall require the carriers of Residential General Liability, Automobile Liability and Workers Compensation to waive all rights of subrogation against SANBAG, its officers, employees, agents, volunteers, contractors, and subcontractors. Such insurance coverage provided shall not prohibit RENOVATE AMERICA or RENOVATE AMERICA'S employees or agents from waiving the right of subrogation prior to a loss or claim. RENOVATE AMERICA hereby waives all rights of subrogation against SANBAG.

16.9 Residential General Liability insurance required herein is to be primary and non-contributory with any insurance carried or administered by SANBAG.

ARTICLE 17. INDEMNITY

Except as provided below for those Services falling within the scope of Civil Code section 2782.8, RENOVATE AMERICA agrees to indemnify, defend (with counsel reasonably approved by SANBAG) and hold harmless SANBAG and its authorized officers, employees, agents and volunteers, from any and all claims, actions, losses, damages and/or liability arising out of this Contract including acts, errors, or omissions of RENOVATE AMERICA, its officers, employees, agents and subcontractors in the performance of Services hereunder, and for any costs or expenses incurred by SANBAG on account of any such claim except where such indemnification is prohibited by law; provided that, RENOVATE AMERICA's indemnification obligation applies to SANBAG "active" as well as "passive" negligence but does not apply to the gross negligence or willful misconduct on the part of SANBAG, or any of its officers, employees, agents or volunteers.

ARTICLE 18. OWNERSHIP OF DOCUMENTS/INTELLECTUAL PROPERTY

18.1 SANBAG expressly acknowledges and agrees that any and all computer software and all source code thereof, used or developed by RENOVATE AMERICA ("Proprietary Software") in performing the Services is proprietary and RENOVATE AMERICA, or its licensors, shall at all times exclusively own all rights, title, and interest in such software and proprietary software, including all intellectual property rights contained therein.

18.2 During the term of this Contract, RENOVATE AMERICA grants SANBAG a non-exclusive, non-transferable license for SANBAG to use RENOVATE AMERICA's trademarks or trade names including, without limitation, "RENOVATE AMERICA," "Financing

The Home Energy Revolution,” “Home Energy Renovation Opportunity,” “HERO Financing,” or new trademarks developed by RENOVATE AMERICA (collectively, the “RENOVATE AMERICA Marks”). RENOVATE AMERICA hereby reserves all right, title and interest in and to the RENOVATE AMERICA marks. SANBAG agrees it will not use the RENOVATE AMERICA Marks upon termination of this Contract and shall not contest, oppose or challenge RENOVATE AMERICA’s ownership of any RENOVATE AMERICA Mark.

18.3 SANBAG acknowledges and agrees that RENOVATE AMERICA, or its licensors, will have spent substantial time and effort in collection and compiling data and information (the “Data Compilations”) in connection with the Services and that such Data Compilations may be used by RENOVATE AMERICA (or such licensors) for their own purposes, including, without limitation, sale or distribution to third parties; provided, however, that RENOVATE AMERICA will not, and shall ensure that its licensors will not, sell or distribute any of SANBAG’s confidential information that may be contained in such Data Compilations, unless such confidential information is used only on an aggregated and anonymous basis.

18.4 RENOVATE AMERICA shall not use SANBAG’s name or photographs of the Program in any professional publication, magazine, trade paper, newspaper, seminar or other medium without first receiving the express written consent of SANBAG’s Project Manager.

ARTICLE 19. SUBCONTRACTS

19.1 RENOVATE AMERICA shall not subcontract performance of all or any portion of Services under this Contract, except those subcontractors listed in RENOVATE AMERICA’s proposal, without first notifying SANBAG of the intended subcontracting and obtaining SANBAG’s written approval of the subcontracting and the subcontractor. The definition of subcontractor and the requirements for subcontractors hereunder shall include all subcontracts at any tier.

19.2 RENOVATE AMERICA agrees that any and all subcontractors of RENOVATE AMERICA will comply with the terms of this Contract applicable to the portion of Services performed by them. If requested by SANBAG, RENOVATE AMERICA shall furnish SANBAG a copy of the proposed subcontract for SANBAG’S approval of the terms and conditions thereof and shall not execute such subcontract until the earlier of (a) SANBAG’s approval of such terms and conditions or (b) five (5) calendar days after RENOVATE AMERICA provides such subcontract to SANBAG, if SANBAG has not communicated disapproval by such day. SANBAG approval shall not be unreasonably withheld.

19.3 Approval by SANBAG of any Services to be subcontracted and the subcontractor to perform said Services will not relieve RENOVATE AMERICA of any responsibility or liability in regard to the acceptable and complete performance of said Services. Any substitution of subcontractors must be approved in writing by SANBAG’s Project Manager.

ARTICLE 20. ATTORNEY'S FEES

If any legal action is instituted to enforce or declare any Party's rights hereunder, each Party, including the prevailing party, must bear its own costs and attorneys' fees. This Article shall not apply to those costs and attorneys' fees directly arising from any third party legal action against a Party hereto and payable under Article 17 of this Contract.

ARTICLE 21. GOVERNING LAW AND VENUE

This Contract shall be subject to the law and jurisdiction of the State of California. The Parties acknowledge and agree that this Contract was entered into and intended to be performed in whole or substantial part in San Bernardino County, California. The Parties agree that the venue for any action or claim brought by any Party to this Contract will be the Superior Court of California, San Bernardino County, District Civil Division. Each Party hereby waives any law or rule of court, which would allow them to request or demand a change of venue. If any action or claim concerning this Contract is brought by any third party, the Parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, San Bernardino County, District Civil Division.

ARTICLE 22. COMMUNICATIONS AND NOTICES

Any and all notices permitted or required to be given hereunder shall be deemed duly given (a) upon actual delivery, if delivery is personally made; or (b) upon delivery into the United States Mail if delivery is by postage paid certified mail (return receipt requested), fax or private courier including overnight delivery services. Each such notice shall be sent to the respective Party at the address indicated below or to any other address as the respective parties may designate from time to time by a notice given in accordance with this Article. A change in address may be made by notifying the other Party in writing.

To RENOVATE AMERICA
16620 W. Bernardo Drive
San Diego, CA 92127
Attn: J.P. McNeill
Phone: (877) 747-4889

To SANBAG
San Bernardino Associated Governments
1170 W. 3rd I Street, 2nd Floor
San Bernardino, CA 92410-1715
Attn: Duane Baker

Phone: (909) 884-8276

ARTICLE 23. DISPUTES

In the event a dispute relating to this Contract arises between the parties, the parties will use all reasonable efforts to resolve the dispute through direct discussions for a period of thirty (30) business days. The senior management of each party is committed to respond to any such dispute. Subsequent to such thirty-day period, the parties may, but will not be required to, resort to non-binding arbitration procedures.

Notwithstanding anything to the contrary herein, a breach of any of the promises or

agreements contained in this Contract may result in irreparable and continuing damage to RENOVATE AMERICA or SANBAG for which there may be no adequate remedy at law, and RENOVATE AMERICA or SANBAG is therefore entitled to seek injunctive relief as well as such other and further relief as may be appropriate.

ARTICLE 24. GRATUITIES

RENOVATE AMERICA, its employees, agents, or representatives shall not offer or give to an officer, official, or employee of SANBAG, gifts, entertainment, payments, loans, or other gratuities to influence the award of a contract or obtain favorable treatment under a contract.

ARTICLE 25. REVIEW AND ACCEPTANCE

All Services performed by RENOVATE AMERICA shall be subject to periodic inspection, audit review and approval by SANBAG at any and all places where such performance may be carried on. Failure of SANBAG to make such review, or to discover defective work, shall not prejudice the rights of SANBAG.

ARTICLE 26. ASSIGNMENT

Neither party shall not assign this Contract in whole or in part, voluntarily, by operation of law, or otherwise without first obtaining the written consent of the other party, within its sole discretion. Subject to the foregoing, the provisions of this Contract shall extend to the benefit of and be binding upon the successors and permitted assigns of the Parties hereto.

ARTICLE 27. AMENDMENTS

This Contract, including Attachment A may only be changed by a written amendment duly executed by RENOVATE AMERICA and SANBAG except, that changes to the Contract to implement administrative changes such as approved changes in key personnel as provided in Article 14, "KEY PERSONNEL" above, may be made by administrative amendment signed by RENOVATE AMERICA's Representative and SANBAG's Project Manager.

ARTICLE 28. CONTINGENT FEE

RENOVATE AMERICA warrants, by execution of this Contract, that no person or selling agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established Residential or selling agencies maintained by RENOVATE AMERICA for the purpose of securing business.

ARTICLE 29. FORCE MAJEURE

RENOVATE AMERICA shall not be in default under this Contract in the event that the Services provided/work performed by RENOVATE AMERICA are temporarily interrupted or discontinued for any of the following reasons: riots, wars, sabotage, acts of terrorism, civil

disturbances, insurrection, explosion, pandemics, quarantines, acts of God, acts of government or governmental restraint, and natural disasters such as floods, earthquakes, landslides, and fires, severe weather or other catastrophic events which are beyond the reasonable control of RENOVATE AMERICA and which RENOVATE AMERICA could not reasonably be expected to have prevented or controlled. Other catastrophic events do not include the financial inability of the RENOVATE AMERICA to perform or failure of the RENOVATE AMERICA to obtain any necessary permits or licenses from other governmental agencies or the right to use the facilities of any public utility where such failure is due solely to the acts or omissions of RENOVATE AMERICA.

ARTICLE 30. ENTIRE DOCUMENT

30.1 This Contract and its attachments constitute the sole and only agreement governing Services and supersedes any prior understandings, written or oral, between the Parties respecting the subject matter herein. All previous proposals, offers, and other communications, written or oral, relative to this Contract, are superseded except to the extent that they have been incorporated into this Contract.

30.2 No agent, employee or representative of SANBAG has any SANBAG to bind SANBAG to any affirmation, representation or warranty outside of, or in conflict with, the stated terms of this Contract, and RENOVATE AMERICA hereby stipulates that it has not relied, and will not rely, on same.

30.3 As this Contract was jointly prepared by both Parties, the language in all parts of this Contract will be construed, in all cases, according to its fair meaning, and not for or against either Party.

30.4 The Recitals to this Contract are incorporated into and made a part of this Contract.

ARTICLE 31. EFFECTIVE DATE

The date that this Contract is executed by SANBAG shall be the Effective Date of the Contract.

(Signature page follows)

IN WITNESS WHEREOF, the Parties hereto have executed this Contract on the day and year below written, but effective as of the Effective Date.

SAN BERNARDINO ASSOCIATED GOVERNMENTS

RENOVATE AMERICA, INC.

By: _____

By: _____

Title: Robert A. Lovingood, President

Title: J.P. McNeill, Chief Executive Officer

APPROVED AS TO FORM:

By: _____

Eileen Monaghan Teichert
General Counsel

CONCURRENCE:

By: _____

Jeffery Hill
Procurement Manager

ATTACHMENT A

SCOPE OF HERO COMMERCIAL PROGRAM ADMINISTRATION SERVICES

RENOVATE AMERICA shall provide the following Services:

HERO Commercial Program Design

As part of the Services, RENOVATE AMERICA shall provide program design services which include: (1) review and edit all policies relating to commercial projects; (2) provide documentation, processes and procedures required for registering contractors, accepting, processing and approving commercial property owner applications, reviewing eligibility of and approving proposed improvements, providing and tracking all financing disclosures, accepting, processing and approving funding requests, issuing and executing contractual assessment agreements (property owner and issuer), recording lien documents, issuing and executing micro-bond documents, and issuing payment for funding requests, including the Program Report and Commercial Handbook, Eligible Improvements, contractor registration/approval forms, commercial applications, all financing disclosure forms, all forms required to approve improvements, funding request form(s), and contractual assessment agreement and lien recordation documents (unless provided by municipality); (3) design and build the Program website; (4) integration of RENOVATE AMERICA's origination systems with the Program website.

HERO Commercial Program Origination

As part of the Services, RENOVATE AMERICA shall provide origination services which include: (1) process all commercial applications, including accepting applications (online and hard copy), entering hard copy applications into online system, pulling all credit, title, valuation and other reports, reviewing eligibility of proposed property, applicants, equipment and contractors, tracking all financing disclosures, application and authorization forms, contacting applicants, contractors and other parties as needed, providing notifications of approval, denial or incomplete status; (2) process all funding requests for Commercial Properties participating in the Program, including accepting funding request forms, reviewing submitted forms and attachments, providing notification of funding request approval, denial or incomplete status; (4) process and finalize all contractual assessment documentation, including issuance of contractual assessment and financing disclosures; (5) provide telephone and email customer service support; (6) track and report to SANBAG key Program statistics, including applications received, approved, assessment contracts issued and signed; (7) periodically assess and/or adjust policies and procedures of Program as needed to resolve any recurring issues.

HERO Commercial Program Marketing

As part of the Services, RENOVATE AMERICA shall work with SANBAG and its member jurisdictions to promote the Program including notices on appropriate governmental

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web sites, press interviews and public meetings and announcements. RENOVATE AMERICA shall also publicize the Program on its web site as well as through direct contact with property owners. RENOVATE AMERICA shall maintain sufficient resources to answer any questions by potential participants in the Program. RENOVATE AMERICA shall also work with SANBAG and other municipalities within the Program Area in order to utilize the Program to help bring industry and developments to the areas governed by SANBAG.

HERO Commercial Program Documentation

As part of the Services, RENOVATE AMERICA shall work with SANBAG to develop a standard set of documents suitable to the parties that shall document the legal obligations associated with the contractual assessment, and any other legal requirements of the transaction.

HERO Commercial Program Assessment Servicing

As part of the Services, RENOVATE AMERICA shall work with the Program Assessment Administrator, and the County of San Bernardino to ensure that the proper contractual assessment installments are placed on the appropriate property owner's property tax bill and that the contractual assessment installments shall be collected promptly for the properties subject to such contractual assessments.

ATTACHMENT B
“SCOPE OF PROGRAM FUNDING

Obligation to Purchase Bonds and Maintenance of Minimum Financing Amounts:

RENOVATE AMERICA shall purchase Bonds from SANBAG: (a) for which the property, the Eligible Improvements and the property owner meet the eligibility requirements and underwriting criteria as specified in the Program Report and the Commercial Handbook, as such documents may be modified from time-to-time by mutual agreement of SANBAG and RENOVATE AMERICA, and for which all necessary supporting documents as required pursuant to the Assessment Contract have been received by SANBAG and accepted by SANBAG and RENOVATE AMERICA and (b) all conditions precedent to the sale of such Bonds as specified in the Purchase Agreement have been satisfied.

RENOVATE AMERICA shall, at all times during the term of the Agreement, maintain sufficient funding to purchase all Bonds to be issued by SANBAG in order to fund Eligible Improvements to be installed on Commercial Properties for which SANBAG and RENOVATE AMERICA have approved the Assessment Contracts.

Types of Properties:

All types of Commercial Properties as may be eligible pursuant to the Program Report and the Commercial Handbook, as such documents may be modified from time-to-time by mutual agreement of SANBAG and RENOVATE AMERICA

Types of Improvements Financed:

All Eligible Improvements as specified in the Program Report and Commercial Handbook, as such documents may be modified from time-to-time by mutual agreement of SANBAG and RENOVATE AMERICA.

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Contract Residential HERO Program
 Services & Funding

Federal and State of California tax credits and other incentives for the installation of energy efficiency, water conservation and renewable energy:

Real Estate/Assessment Credit Underwriting Criteria:

All Federal and State of California tax credits and other incentives provided to encourage the installation of Eligible Improvements, including all solar renewable energy credits, shall be for the account and benefit of the Commercial Property owners participating in the Program.

RENOVATE AMERICA will utilize the contractual assessment underwriting criteria as set forth in the Program Report and the Commercial Handbook, as documents may be modified from time-to-time by the mutual agreement of SANBAG and RENOVATE AMERICA

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Contract Residential HERO Program
Services & Funding

ATTACHMENT C

“SANBAG’S POLICY 10102”

San Bernardino Associated Governments	Policy	10102
Adopted by the Board of Directors Sept. 2, 1992	Revised	01/06/16
Conflict of Interest Code	Revision No.	8

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG Intranet.

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I. PURPOSE

The Political Reform Act, Government Code Sections 81000, et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission adopted a regulation, Title 2 Calif. Code of Regulations (CCR) Section 18730, which contains terms of a standard conflict of interest code, which can be incorporated by reference into a local agency’s conflict of interest code, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings.

II. POLICY

The terms of Title 2 CCR Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached [Appendix A](#) in which officials and employees are designated and disclosure categories are set forth, constitute the Conflict of Interest Code of SANBAG.

Designated employees shall file statements of economic interests with SANBAG’s Clerk of the Board who will make the statements available for public inspection and reproduction (Government Code Section 81008). Statements for all designated employees will be retained by the Clerk of the Board.

SANBAG will review this policy every even-numbered year, and if change in the policy is required, will revise the policy. SANBAG will file a statement of review with the San Bernardino County Board of Supervisors, SANBAG’s code reviewing body, every even-numbered year.

III. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Amended Conflict of Interest Code for SANBAG approved.	09/02/92
1	Modifications to Appendix A and Appendix B approved.	02/05/97
2	Amendment to Appendix A approved by SANBAG Board of Directors.	04/05/00

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Contract: HERO Commercial Program
Services & Funding

3	Appendix A: Removed Advanced Transportation Development Manager	01/10/07
4	Par. I: Added paragraph heading PURPOSE. Par. II: Added paragraph heading POLICY; amended the first paragraph and added two new paragraphs that replace the existing text. Appendix A: Added Construction Manager, Contracts/Controls Manager, and Project Delivery Manager; changed category designation for Board of Directors (City designees, Executive Director, and Chief Financial Officer from Category 2 to Category 1; added clarification that Form 700s filed by the Board of Directors (County designees) are filed with the Clerk of the Board of Supervisors, not SANBAG; and revised the descriptions for Category 1 and Category 2.	06/03/09
5	Appendix A: Added Director of Programming, Chief of Planning, Chief of Programming, Chief of Transit & Rail Programs, Human Resources & Information Services Administrator, and Procurement/Risk Management/Contracts Administrator. Changed the following titles: Director of Freeway Construction to Director of Project Delivery, Director on Intergovernmental & Legislative Affairs to Director of Legislative Affairs, Director of Planning/Programming to Director of Planning, and Director of Air Quality/Mobility Programs to Chief of Air Quality/Mobility Programs. Removed the Contracts/Controls Manager.	06/30/12
6	Appendix A: Added General Counsel – missed in Rev. 5. Corrected titles for Director and Chief of Fund Administration and Programming.	08/06/12
7	Amended Purpose, Policy, and Appendix A per BOD 12/3/14 (Agenda item 10)	12/03/14
8	Amended Purpose, Policy, and Appendix A per BOD 1/6/16 (Agenda item 7)	01/06/16

Conflict of Interest Code – Designated Employees	Policy	10102 Appendix A
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Designated Employees	Categories
1. Board of Directors (County designees)	1
2. Board of Directors (City designees)	1
3. Board of Directors Alternates (City designees)	1
4. Executive Director	1
5. Deputy Executive Director	1
6. General Counsel	1
7. Chief Financial Officer	1
8. Director of Transit/Rail Programs	1
9. Director of Planning	1
10. Director of Fund Administration and Programming	1
11. Director of Project Delivery	1
12. Director of Legislative and Public Affairs	1
13. Chief of Fiscal Resources	2
14. Chief of Legislative and Public Affairs	2
15. Chief of Air Quality/Mobility Programs	2
16. Chief of Planning	2
17. Chief of Fund Administration and Programming	2
18. Chief of Transit/Rail Programs	2
19. Construction Manager	2
20. Project Delivery Manager	2

21. Human Resources/Information Services Administrator	2
22. Procurement Manager	2
23. Procurement Analyst	2
24. Management Analyst II*	1
25. Management Analyst III*	1
26. Senior Planner	2
27. Clerk of the Board/Administrative Supervisor	2
28. Consultant **	2

*** Only Management Analysts who perform Right of Way activities must file.**

** Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Executive Director may determine in writing that a particular consultant, although a "designated employee," is hired to perform a range of duties that is limited in scope and, thus, is not required to fully comply with the disclosure requirements in this Code. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Form 700s filed by the Board of Directors (County designees) are filed with the Clerk of the County Board of Supervisors, not with SANBAG.

Disclosure Categories

CATEGORY I

Designated employees in this category shall disclose all sources of income, interests in real property, investments and business positions in business entities. Designated employees in this category shall complete all schedules of Form 700, if applicable.

CATEGORY 2

Designated employees in this category shall disclose sources of income, investments, and business positions in business entities which provide services, supplies, materials, machinery or equipment of the type purchased or utilized by the department in which the designated employee is employed. Designated employees in this category shall complete all schedules of Form 700 except schedule B, if applicable.

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Contract: HERO Commercial Program
Services & Funding

Contract Summary Sheet

General Contract Information

Contract No: 16-1001559 Amendment No.: _____ Vendor No.: 03010
 Vendor/Customer Name: Renovate America, Inc. Sole Source? Yes No
 Description: Master Bond Purchase Agreement for Commercial HERO Program with Renovate America
 Start Date: 09/07/2016 Expiration Date: 06/30/2018 Revised Expiration Date: _____
 Has Contract Term Been Amended? No Yes - Please Explain _____
 List Any Related Contracts Nos.: 16-1001558

Dollar Amount			
Original Contract	\$ 150,000.00	Original Contingency	\$ -
Revised Contract (Inclusive of Prior Amendments)	\$ -	Revised Contingency (Inclusive of Prior Amendments)	\$ -
Current Amendment	\$ -	Contingency Amendment	\$ -
TOTAL CONTRACT VALUE	\$ 150,000.00	TOTAL CONTINGENCY VALUE	\$ -
		TOTAL DOLLAR AUTHORITY (Contract Value and Contingency)	\$ 150,000.00

Contract Authorization

Executive Director Date: _____
 Executive Director Action: _____
 Board of Directors Date: _____
 Board of Directors Action: _____

Contract Management: Payable/Miscellaneous

Invoice Warning: 20% Renewals: _____ Type: Capital PAA Other
 Retention: % Maximum Retention: \$ -
 Services: Construction Intrgrnt/MOU/COOP A & E Services Other Professional Services
 Disadvantaged Business Enterprise (DBE) Goal _____ %

Contract Management: Receivable

E-76 and/or CTC Date _____ (Attach Copy) Program Supplement No.: _____
 Finance Letter Reversion Date: _____ EA No.: _____

All of the above MUST be submitted to FINANCE including originals, amendments and miscellaneous transaction changes

Additional Information

Project Manager: Duane Baker

Attachment: 16-1001559 CSS (2975 : Changes to the Commercial HERO Program Adding Renovate America, Inc.)

CONTRACT # 16-1001559**SAN BERNARDINO ASSOCIATED GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
(HERO Commercial Program)****Master Bond Purchase Agreement**

THIS MASTER BOND PURCHASE AGREEMENT, dated as of _____, 20__ (the “Master BPA”), is entered into by and between the SAN BERNARDINO ASSOCIATED GOVERNMENTS, a California public agency (“SANBAG”) and RENOVATE AMERICA, INC., a Delaware corporation (“Renovate America”) to arrange for the sale by SANBAG and the purchase by Renovate America or its designee of all of the Improvement Bonds described below, which are being issued by SANBAG.

RECITALS:

The Board of Directors of SANBAG (the “Board of Directors”) established a property assessed clean energy (“PACE”) program designated as the SANBAG HERO Program (the “Program”) pursuant to the provisions of Chapter 29 of Part 3, Division 7 of the California Streets and Highways Code (commencing at Section 5898.12) (“Chapter 29”) to assist property owners of commercial properties (the “Commercial Properties”) and residential properties (the “Residential Properties”) within the jurisdictional boundaries of SANBAG, to finance the cost of installation of distributed generation renewable energy sources or energy efficiency or water conservation improvements or electric vehicle charging infrastructure (the “Eligible Improvements”).

The Board of Directors approved and subsequently amended a report prepared pursuant to and addressing all of the matters set forth in Streets and Highways Code Section 5898.22 and 5898.23 (as amended, the “Program Report”), including a map showing the boundaries of the territory within which the voluntary contractual assessments may be offered (the “Program Area”), a draft contract specifying the terms and conditions that would be agreed to by an owner of property within such boundaries and SANBAG (each, an “Assessment Contract”), a statement of policies of SANBAG concerning such voluntary contractual assessments and a plan for raising a capital amount required to pay for the work performed pursuant to the voluntary contractual assessments.

As a further part of such proceedings, the Board of Directors provided that one or more series of limited obligation improvement bonds would be issued under the Bond Act of 1915, being Division 10 of the Streets & Highways Code of the State of California (the “1915 Bond Act”) or other financing relationship would be entered for the purpose of financing the installation of Eligible Improvements.

Subsequently, SANBAG and Renovate America entered into an agreement to provide that Renovate America would, as a part of the Program, administer and finance a program (the

“SANBAG HERO Residential Program”) to finance the installation of Eligible Improvements on Residential Properties within the Program Area.

SANBAG also entered into an agreement with Samas Capital, LLC (“Samas Capital”) to provide that Samas Capital would, as a part of the Program, administer and finance a separate program (the “Samas Commercial Program”) to finance the installation of Eligible Improvements on Commercial Properties within the Program.

Renovate America has created the infrastructure and developed the resources to administer and finance the installation of Eligible Improvements on Commercial Properties.

The Board of Directors has determined that it would be in the best interests of the owners of Commercial Properties to enable Renovate America to administer and finance a program as part of the Program (the “HERO Commercial Program”), separate and apart from the HERO Residential Program and the Samas Commercial Program, to finance the installation of Eligible Improvements on Commercial Properties in the Program Area.

The Board of Directors has amended, concurrently with the approval of this Master BPA, the Program Report to enable Renovate America to implement a HERO Commercial Program within the Program Area.

SANBAG and Renovate America now desire and intend to concurrently enter into an agreement pursuant to which Renovate America shall provide administrative services for the HERO Commercial Programs (the “Administration Agreement”) and this Master BPA to provide for and establish the terms and conditions pursuant to which SANBAG will sell to Renovate America and Renovate America shall purchase from SANBAG the limited obligation improvement bonds issued by SANBAG to finance the installation of Eligible Improvements on Commercial Properties the owners of which elect to participate in the HERO Commercial Program.

The Parties hereto desire that the Administration Agreement and this Master BPA taken together represent the operating relationship between the parties pertaining to the HERO Commercial Program.

1. Definitions. Capitalized terms that are used in this Master BPA and not otherwise defined herein shall have the respective meanings ascribed to them in the Master Indenture.
2. Purchase and Sale and Delivery of the Improvement Bonds.

(a) Subject to the terms and conditions set forth in this Master BPA and any supplement to this Master BPA entered into by and between the parties hereto (each, a “Supplement to Master BPA”), and in reliance upon the representations, warranties and agreements set forth herein and in any Supplement to Master BPA, Renovate America hereby agrees to purchase, or cause its designee to purchase (as used herein the term “Renovate America” shall include any designee thereof), all (but not less than all) of the limited obligation improvement bonds associated with the HERO Commercial Program (the “Improvement Bonds”

or an “Improvement Series of Bonds”), from SANBAG and SANBAG hereby agrees to sell to Renovate America, when as and if issued, all (but not less than all) of the Improvement Bonds.

(b) Pursuant to the applicable Master Indenture (defined below), SANBAG shall issue the Bonds or each Series of Bonds pursuant to a master indenture (each, a “Master Indenture”) by and between SANBAG and the trustee thereunder (the “Trustee”) and a supplemental indenture (each, a “Supplemental Indenture”), the terms and conditions of each such agreement having been agreed to by SANBAG and the Renovate America. SANBAG and the Trustee shall enter into a Supplemental Indenture pertaining to each Improvement Bond or Series of Improvement Bonds or Series of Improvement Bonds which Supplemental Indenture shall set forth and establish the Closing Date for such Improvement Bond or Series of Improvement Bonds, the date from which such Improvement Bond or Series of Improvement Bonds shall bear interest and the dates on which the principal of and interest on such Improvement Bond or Series of Improvement Bonds shall be payable, the rate of interest per annum payable on such Improvement Bond or Series of Improvement Bonds, the maturity date of such Improvement Bond or Series of Improvement Bonds, the redemption provisions pertaining to such Improvement Bond or Series of Improvement Bonds and the Purchase Price (defined below) for such Improvement Bond or Series of Improvement Bonds. Each such Supplemental Indenture shall be subject to the approval of Renovate America and SANBAG.

(c) Each Improvement Bond or Series of Improvement Bonds or Series of Improvement Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable and be subject to redemption as provided in, the Master Indenture and the Supplemental Indenture pertaining to such Improvement Bond or Series of Improvement Bonds.

(d) The “Purchase Price” of an Improvement Bond or Series of Improvement Bonds shall be a sum equal to the principal amount of such Improvement Bond or Series of Improvement Bonds.

(e) At 10:00 A.M., Pacific Daylight Time, on the Closing Date for each Improvement Bond or Series of Improvement Bonds or Series of Improvement Bonds, or at such other time as shall be agreed upon by SANBAG and Renovate America, (i) SANBAG will deliver or cause to be delivered the Improvement Bond or Series of Improvement Bonds to Renovate America, duly executed by SANBAG and authenticated by the Trustee as provided in the applicable Master Indenture, (ii) SANBAG will deliver the SANBAG Closing Documents (as defined below) to Best Best & Krieger LLP, as bond counsel to SANBAG for the HERO Commercial Program (“Bond Counsel”) at the offices of Bond Counsel or another place to be mutually agreed upon by SANBAG and Renovate America (the “Closing Location”) and Renovate America shall accept such delivery and pay the Purchase Price of the Improvement Bond or Series of Improvement Bonds in federal funds payable to the order of SANBAG or its designee and deliver Renovate America’s Closing Documents (as defined below) to Bond Counsel at the Closing Location. This payment and these deliveries, together with the delivery of the Closing Documents, are herein called the “Closing.” Each Improvement Bond or Series of Improvement Bonds or Series

of Improvement Bonds shall be made available to Renovate America for inspection not later than the second last business day before the Closing Date.

3. Representations, Warranties and Agreements of SANBAG. SANBAG represents, warrants and covenants to and agrees with Renovate America as to each Improvement Bond or Series of Improvement Bonds that:

(a) SANBAG is a joint exercise of powers authority duly organized and existing under the Constitution of the State of California (the “Constitution”) and laws of the State of California (the “State”), and has, and at each Closing Date will have, full legal right, power and authority,

(i) to adopt the resolution authorizing the issuance of each Bond or Series of Bonds, (each a “Resolutions of Issuance”),

(ii) to enter into this Master BPA and the Supplement to Master BPA, if any, pertaining to each Improvement Bond or Series of Improvement Bonds or Series of Improvement Bonds,

(iii) to enter into the applicable Master Indenture and the Supplemental Indenture with respect to each Improvement Bond or Series of Improvement Bonds or Series of Improvement Bonds,

(iv) to issue, sell and deliver each Improvement Bond or Series of Improvement Bonds or Series of Improvement Bonds to Renovate America as provided herein,

(v) to enter into each Assessment Contract as such term is defined in the Supplemental Indenture,

(vi) to carry out and consummate the transactions as to each Improvement Bond or Series of Improvement Bonds or Series of Improvement Bonds on its part contemplated by the Master BPA and the Supplement to Master BPA, the applicable Master Indenture, the Supplemental Indenture and such Improvement Bond or Series of Improvement Bonds.

As to each Improvement Bond or Series of Improvement Bonds or Series of Improvement Bonds, the Master BPA, the applicable Supplement to Master BPA, if any, the applicable Master Indenture, the applicable Supplemental Indenture and such Improvement Bond or Series of Improvement Bonds are collectively referred to herein as the “SANBAG Documents.”

(b) By all necessary official action of SANBAG, SANBAG has duly authorized and approved the adoption or execution and delivery by SANBAG of, and the performance by SANBAG of the obligations contained in, the SANBAG Documents and the Resolutions of Issuance and such authorizations and approvals are and shall, as of each Closing Date, be in full force and effect and have not been amended, modified or rescinded. When executed and delivered by the parties thereto, each Improvement Bond or Series of Improvement Bonds or

Series of Improvement Bonds and the SANBAG Documents will constitute the legally valid and binding obligations of SANBAG enforceable against SANBAG in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. SANBAG has complied, and as of each Closing Date, shall be in compliance in all respects, with the obligations on its part to be performed on or prior to each Closing Date under the SANBAG Documents.

(c) The Board of Directors has duly established the Program pursuant to Chapter 29. The Board of Directors has duly authorized the issuance and sale of each Improvement Bond or Series of Improvement Bonds or Series of Improvement Bonds pursuant to the applicable Resolutions of Issuance, adopted by the Board of Directors, the applicable Master Indenture and the applicable Supplemental Indenture.

(d) SANBAG is not and, as of each Closing Date, will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States of America, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which SANBAG is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have a material adverse effect on SANBAG's ability to perform its obligations under each Improvement Bond or Series of Improvement Bonds or the SANBAG Documents; and, as of such times, the authorization, execution and delivery of each Improvement Bond or Series of Improvement Bonds and the SANBAG Documents and compliance by SANBAG with the obligations on its part to be performed in each of such agreements or instruments does not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States of America, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which SANBAG (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the SANBAG Documents.

(e) There is, and as of each Closing Date, there shall be no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending with respect to which SANBAG has been served with process or to the best knowledge of SANBAG threatened, in which any such Action (i) in any way questions the corporate existence of SANBAG or the titles of the officers of SANBAG to their respective offices, (ii) in any way questions the establishment of the Program or the titles of the Board of Directors of SANBAG, (iii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of each Improvement Bond or Series of Improvement Bonds, or the payment or collection of any amounts pledged or

to be pledged to pay the principal of and interest on each Improvement Bond or Series of Improvement Bonds, or in any way contests or affects the validity of the SANBAG Documents or the consummation of the transactions on the part of SANBAG contemplated thereby, or contests the exclusion of the interest on any Improvement Bond from state income taxation or contests the powers of SANBAG, or its authority, to levy and collect the applicable Assessments, (iv) may result in any material adverse change relating to the financial condition of SANBAG; and as of the time of acceptance hereof and as of each Closing Date, to the knowledge of SANBAG, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

(f) Each Improvement Bond or Series of Improvement Bonds, when issued, executed and delivered in accordance with the applicable Master Indenture and the applicable Supplemental Indenture and sold to Renovate America, will be validly issued and an outstanding limited obligation of SANBAG, entitled to the benefits of the applicable Master Indenture and the applicable Supplemental Indenture and the security of the pledge of the proceeds of the levy of the applicable Assessment or Assessments. The Master Indenture and the applicable Supplemental Indenture create a valid pledge of the moneys in certain funds and accounts established pursuant to such Master Indenture, including the investments thereof subject in all cases to the provisions of such Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

(g) Each Assessment constituting the security for an Improvement Bond has been duly and lawfully authorized and levied under Chapter 29 and the Constitution and the applicable laws of the State, and pursuant to Chapter 29 such Assessment, when levied, will constitute a valid and legally binding lien on the Participating Parcel upon which it has been levied.

(h) All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by each Closing Date for the due authorization of, or which would constitute a condition precedent to or the absence of which would adversely affect the due performance by SANBAG of its obligations in connection with the SANBAG Documents have been duly obtained or made and are in full force and effect.

(i) SANBAG will apply the proceeds of each Improvement Bond or Series of Improvement Bonds in accordance with the applicable Master Indenture and the applicable Supplemental Indenture.

4. Conditions to the Obligations of Renovate America. The obligations of Renovate America to accept delivery of and pay for each Improvement Bond or Series of Improvement Bonds on the Closing Date thereof shall be subject, at the option of Renovate America, to the accuracy in all material respects of the representations and warranties on the part of SANBAG contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of SANBAG made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by SANBAG

of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At each such Closing Date, the SANBAG Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by Renovate America, and there shall have been taken in connection therewith, with the issuance of each Improvement Bond or Series of Improvement Bonds and with the transactions contemplated thereby and by this Master BPA, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate;

(b) Between the date hereof and the Closing Date applicable to each Improvement Bond or Series of Improvement Bonds, the market price or marketability of such Improvement Bond at the prices set forth in the Supplemental Indenture applicable thereto shall not have been materially adversely affected, in the judgment of Renovate America (evidenced by a written notice to SANBAG terminating the obligation of Renovate America to accept delivery of and pay for the Improvement Bonds), which judgment shall be formed (to the maximum extent reasonably practicable under the circumstances) only after consultation with SANBAG's financial advisor, by reason of any of the following:

(i) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Improvement Bonds, or such Improvement Bond, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the applicable Master Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Improvement Bonds, or of the Improvement Bonds as contemplated hereby or otherwise is or would be in violation of the federal securities laws, rules or regulations as amended and then in effect;

(ii) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the validity or enforceability of the Assessments or the ability of SANBAG to construct or acquire the improvements as contemplated by SANBAG Documents.

(c) On each Closing Date, Renovate America shall have received counterpart originals or certified copies of the following documents, in each case satisfactory in form and substance to Renovate America:

(i) SANBAG Documents, together with a certificate dated as of the Closing Date of SANBAG Secretary to the effect that each such document is a true, correct and complete copy of the one duly approved by the Board of Directors; provided, however, the Master BPA

and the applicable Master Indenture need not be provided so long as such certificate specifies that such document or documents have not be amended since such document or documents were previously received by the Renovate America;

(ii) Unqualified approving opinion for each Improvement Bond or Series of Improvement Bonds delivered on such Closing Date, dated such Closing Date and addressed to SANBAG, of Best Best & Krieger LLP, Bond Counsel for SANBAG, substantially in the form attached as Exhibit A hereto and a reliance letter dated such Closing Date and addressed to Renovate America, in the form attached as Exhibit B hereto, to the effect that such approving opinion addressed to SANBAG may be relied upon by Renovate America to the same extent as if such opinion was addressed to them;

(iii) Supplemental opinion, dated the Closing Date and addressed to SANBAG, the Renovate America and the Trustee, of Best Best & Krieger LLP, Bond Counsel for SANBAG, in the form attached as Exhibit C hereto;

(iv) A certificate, dated such Closing Date and signed by an authorized representative of SANBAG, in substantially the form attached hereto as Exhibit D;

(v) (5) A certificate of the Trustee dated such Closing Date in substantially the form attached hereto as Exhibit E;

(vi) An executed copy of each Assessment Contract pertaining to the Commercial Property(ies) upon which the Assessment securing such Improvement Bond has been levied (each such Commercial Property, a “Participating Parcel”).

(vii) A conformed copy of the Notice of Assessments pertaining to the Assessment levied against each Participating Parcel as recorded in the office of the Auditor-County Clerk-Recorder of the County of San Bernardino (the “County Recorder”).

5. Conditions of SANBAG’s Obligations. SANBAG’s obligations hereunder as to the sale of any Improvement Bond are subject to Renovate America’s performance of their obligations hereunder, and are also subject to the following conditions:

(a) As of the Closing Date, no litigation shall be pending or, to the knowledge of the duly authorized officer of SANBAG executing the certificate referred to in Section 4(c)(iv) hereof, threatened, to restrain or enjoin the issuance or sale of such Improvement Bond or in any way affecting any authority for or the validity of such Improvement Bond or SANBAG Documents or the existence or powers of SANBAG;

(b) As of the Closing Date, SANBAG shall receive the approving opinions of Bond Counsel referred to in Section 4(c)(ii) and (iii) hereof, dated as of the Closing Date;

(c) Receipt by SANBAG of a duly executed letter of Renovate America and/or the assignee of Renovate America purchasing such Improvement Bond or Series of Bonds dated as of the Closing Date and in substantially the form attached hereto as Exhibit F;

(d) Receipt by SANBAG of a duly executed certificate of Renovate America regarding the receipt of the Improvement Bond in substantially the form attached as Exhibit G hereto.

6. Expenses. Whether or not the Improvement Bonds are delivered to Renovate America as set forth herein:

(a) Renovate America shall be under no obligation to pay, and SANBAG shall pay or cause to be paid (out of the proceeds of each Improvement Bond or Series of Improvement Bonds all expenses incidental to the performance of SANBAG's obligations hereunder in such amounts as set forth in Exhibit "H" to the following parties:

- (i) SANBAG as issuer of the Improvement Bonds;
- (ii) Public Financial Management, LLC, as Program manager;
- (iii) David Taussig & Associates as assessment administrator;
- (iv) Best Best & Krieger LLP as bond counsel;
- (v) the Trustee;

(vi) Renovate America, Inc., in payment for the provision by Renovate America, Inc. of its HERO Commercial Program Administrative Services as defined in and payable pursuant to Contract # 16-1001558 by and between SANBAG and Renovate America, Inc. for Services to assist in the Implementation and Administration of Financing Mechanisms for the SANBAG HERO Program, a Property Assessed Clean Energy (PACE) Program for Commercial Properties in Participating Cities and San Bernardino County; and in payment for the provision by Renovate America, Inc. of its HERO Commercial Program Funding pertaining to such Improvement Bond.

(vii) Any such other Party in such amounts that may be mutually agreed upon in writing by the Parties will be paid in accordance with such agreement.

(b) SANBAG shall be under no obligation to pay, and Renovate America shall pay any and all expenses incurred by Renovate America, including but not limited to, the fees and disbursements of its counsel pertaining to the issuance of any Improvement Bond.

(c) SANBAG shall not be under any obligation to pay any fees of the California Debt and Investment Advisory Commission pertaining to any Improvement Bond. Renovate America shall pay any fees of the California Debt and Investment Advisory Commission pertaining to any Improvement Bond.

7. Authority of Renovate America to Issue Asset Backed Securities and Sell Improvement Bonds. Renovate America will purchase the Improvement Bonds by utilizing source of funds as Renovate America may in its discretion elect to utilize. From time to time Renovate America

may elect at its own expense to securitize its interest in Improvement Bonds and sell such securities to the investment community or sell any Improvement Bond, provided that any such sale is to an Accredited Investor (as such term is defined in Regulation D – Rules Governing the Limited Offer and sale of Securities Without Registration under the Securities Act of 1933, being 17 CFR 230.501 through 230.508) and that all subsequent buyers of such Improvement Bond agree to be bound by this provision. No further action or acknowledgment by SANBAG will be required to authorize such securitization or sale by Renovate America. All fees, costs and liabilities arising directly or indirectly from or associated with Renovate America’s issuance of asset-backed securities or selling the Improvement Bonds, including without limitation costs of issuance and annual disclosure costs, will be borne by Renovate America.

SANBAG will provide any reasonable assistance requested by Renovate America, including without limitation, the provision of relevant Program data and reports as may be deemed reasonably necessary by the Renovate America for the securitization or other sale of Improvement Bonds by Renovate America. Nothing contained in this paragraph shall, however, require SANBAG to prepare any disclosure documents pertaining to such securitization or other sale of Improvement Bonds as may be required pursuant to securities laws and regulations of the federal government or the State of California or any agency, department or office of either such government. Renovate America shall pay all reasonable expenses incurred by or on behalf of SANBAG in providing such data and reports.

8. General Provisions.

(a) Termination of Agreement. Should (a) Renovate America (i) breach one or more of its material obligations as outlined herein or in the Contract #16-1001558 by and between SANBAG and RENOVATE AMERICA, INC for Services to Assist in the Formation, Implementation and Administration of the HERO Commercial Program (the “Services Contract”) or (ii) fail during any calendar year to purchase Improvement Bonds which have met the underwriting guidelines identified in the Program Report applicable to Commercial Properties participating in the Program with an aggregate principal amount of \$1 million or more or (b) SANBAG terminate the Services Contract pursuant to the provisions thereof, SANBAG may, by written notice to Renovate America, terminate the whole or any part of this Master BPA by giving written notice to Renovate America of such termination, and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. Renovate America may, by written notice to SANBAG, terminate this Master BPA for cause which shall include, but not be limited to, the determination by Renovate America, in the exercise of its reasonable professional judgment after consultation with the SANBAG Representative, that SANBAG cannot reasonably be expected to be able to issue Improvement Bonds pursuant to this Master BPA.

(b) Delivery of Notices. All notices permitted or required under this Master BPA shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Renovate America: Renovate America, Inc.

15073 Avenue of Science, Suite 200
 San Diego, CA 92127
 Attn: J.P. McNeill, Chief Executive Officer

With copy to:

SANBAG: San Bernardino Associated Governments
 1170 W. 3rd St., 2nd Floor
 San Bernardino, CA 92410
 Attn: Duane Baker, Deputy Executive Director

With copy to: San Bernardino Associated Governments
 1170 W. 3rd St., 2nd Floor
 San Bernardino, CA 92410
 Attn: Eileen Monaghan Teichert, General Counsel

and

Best Best & Krieger LLP
 655 West Broadway, 15th Floor
 San Diego, CA 92101
 Attn: Warren Diven

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

(c) Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Master BPA.

(d) Availability of Injunctive Relief. Renovate America and SANBAG agree that either Renovate America or SANBAG may petition a court for provisional relief, including injunctive relief, as permitted by the Rules, including, but not limited to, where either Renovate America or SANBAG alleges or claims a violation of this Master BPA between SANBAG and Renovate America. Renovate America and SANBAG understand that any breach or threatened breach of such an agreement (including this Master BPA) will cause irreparable injury and that money damages will not provide an adequate remedy therefor and both SANBAG and Renovate America hereby consent to the issuance of an injunction.

(e) Indemnification and Hold Harmless. Renovate America shall defend, indemnify and hold SANBAG, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or

injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged negligent or wrongful acts, omissions or willful misconduct of Renovate America, its officials, officers, employees, agents, consultants, contractors and subcontractors, arising out of or in connection with the performance of the Program Administration Services, the Program or this Agreement, including without limitation the payment of all consequential damages and attorneys' fees and other related costs and expenses. Renovate America shall defend, at Renovate America's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against SANBAG, its directors, officials, officers, employees, agents or volunteers. Renovate America shall pay and satisfy any judgment, award or decree that may be rendered against SANBAG or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Renovate America shall reimburse SANBAG and its directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Renovate America's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the SANBAG, its directors, officials, officers, employees, agents or volunteers. No third party shall be a direct beneficiary of this Section 8(e).

(f) Entire Agreement. This Master BPA contains the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Master BPA may only be modified by a writing signed by both Parties.

(g) Governing Law. This Master BPA shall be governed by the laws of the State of California. Venue shall be in San Bernardino County.

(h) Time of Essence. Time is of the essence for each and every provision of this Master BPA.

(i) Successors and Assigns. This Master BPA shall be binding on the successors and assigns of the Parties.

(j) Assignment or Transfer. Renovate America shall not assign, hypothecate, or transfer, either directly or by operation of law, this Master BPA or any interest herein without the prior written consent of SANBAG; provided, however, Renovate America may assign this Master BPA in connection with the merger or the sale of all or substantially all of its assets provided that the successor entity expressly assumes all of the obligations and confirms all of the representations and warranties of Renovate America hereunder. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

(k) Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Master BPA, the language of this Master BPA shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not workdays. All references to Renovate America include all personnel, employees, agents, and

subcontractors of Renovate America, except as otherwise specified in this Master BPA. All references to SANBAG include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Master BPA. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Master BPA.

(l) Amendment; Modification. No supplement, modification, or amendment of this Master BPA shall be binding unless executed in writing and signed by both Parties.

(m) Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

(n) No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

(o) Invalidity; Severability. If any portion of this Master BPA is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

(p) Prohibited Interests. Renovate America warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Renovate America, or independent contractors and consultants engaged by Renovate America to perform Renovate America's obligations and duties under this Master BPA to solicit or secure this Master BPA. Further, other than its outside counsel, Renovate America warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Renovate America, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Master BPA. For breach or violation of this warranty, SANBAG shall have the right to rescind this Master BPA without liability. For the term of this Master BPA, no member, officer or employee of SANBAG, during the term of his or her service with SANBAG, shall have any direct interest in this Master BPA, or obtain any present or anticipated material benefit arising therefrom.

(q) Survival of Representations, Warranties and Agreements. The representations, warranties and agreements of SANBAG set forth in or made pursuant to this Master BPA shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of Renovate America (or statements as to the results of such investigations) concerning such representations and statements of SANBAG and regardless of delivery of and payment for the Improvement Bonds.

(r) Equal Opportunity Employment. Renovate America represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to

initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

(s) Authority to Enter Master BPA. Renovate America has all requisite power and authority to conduct its business and to execute, deliver, and perform the Master BPA. Each Party warrants that the individuals who have signed this Master BPA have the legal power, right, and authority to make this Master BPA and bind each respective Party.

9. Effective. This Master BPA shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by SANBAG and shall be valid and enforceable as of the time of such acceptance.

10. Counterparts. This Master BPA may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

(Signature page follows)

IN WITNESS WHEREOF, the Parties hereto have made and executed this Master BPA as of the date first written above.

SAN BERNARDINO ASSOCIATED GOVERNMENTS

RENOVATE AMERICA, INC.

By: _____
Title: Robert A. Lovingood, President

By: _____
Title: J.P. McNeill, Chief Executive Officer

APPROVED AS TO FORM:

By: _____
Eileen Monaghan Teichert
General Counsel

CONCURRENCE:

By: _____
Jeffery Hill
Procurement Manager

EXHIBIT A
FORM OF BOND COUNSEL OPINION

[Closing Date]

Board of Directors
San Bernardino Associated Governments
1170 W. 3rd Street, 2nd Floor
San Bernardino, California

Re: San Bernardino Associated Governments
Limited Obligation Improvement Bond
(HERO Commercial Program)
(_____ Commercial Property Tranche)

Bond Counsel Opinion

Ladies and Gentlemen:

We have acted as bond counsel to the San Bernardino Associated Governments (“SANBAG”) in connection with the issuance by SANBAG of those San Bernardino Associated Governments Limited Obligation Improvement Bonds (HERO Commercial Program) (_____ Commercial Property Tranche) listed in the attached Schedule I (the “Bonds” and each series individually, a “Bond”). In such capacity we have examined the proceedings taken by SANBAG for the levy of assessments and the authorization and issuance of the Bonds with respect to the SANBAG HERO Program (the “Program Proceedings”). Additionally, we have examined such law, certifications, and other documents as we have deemed necessary to render this opinion.

The Program Proceedings were taken pursuant to the provisions of Chapter 29 of Part 3, Division 7 of the Streets and Highways Code of the State of California (“Chapter 29”). The Bond has been issued pursuant to Chapter 29, the Municipal Improvement Act of 1915 (Division 10 of the Streets and Highways Code of the State of California), Resolution No. _____ adopted by the Board of Directors of SANBAG (the “Board of Directors”) on June __, 20__ (the “Original Resolution of Issuance”) and the Master Indenture, dated as of _____, 20__ (the “Master Indenture”), by and between SANBAG and Deutsche Bank National Trust Company, as trustee (the “Trustee”) and a separate Supplemental Indenture, dated as of _____, 20__ (each, a “Supplemental Indenture”), by and between SANBAG and the Trustee, pertaining to each Bond. Capitalized terms used herein and not defined herein shall have the meanings given such terms in the Master Indenture or the applicable Supplemental Indenture, as appropriate.

As to questions of fact material to our opinion, we have relied upon representations of SANBAG, the certified proceedings and other certifications furnished to the SANBAG or to us, without undertaking to verify the same by independent investigation.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions, including the default judgment rendered on August 26, 2013, by the Superior Court of the County of San Bernardino in the validation action entitled Superior Court of the County of Riverside as *San Bernardino Associated Governments v. All Persons Interested, etc.*, Case No. CIVDS 1305664, and cover certain matters not directly addressed by such authorities. We call attention to the fact that the opinions contained herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. This opinion is given as of the date hereof and we assume no obligation to revise and supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may thereafter occur.

Based upon the foregoing, we are of the opinion that the Program Proceedings have been undertaken in accordance with the law and the Constitution of the State of California and that the Bonds, having been duly issued, executed and delivered in the manner provided by law, and the Master Indenture and the applicable Supplemental Indenture having been duly authorized and executed by the proper official, constitute the legally valid and binding limited obligations of SANBAG enforceable in accordance with their terms subject to the qualifications specified below. Each Bond is secured by a first pledge of the Assessment or Assessments, as applicable, securing such Bond levied upon the Participating Parcel or Participating Parcels (except amounts deposited into the Administrative Expense Fund established pursuant to the Master Indenture) and all moneys deposited in the Redemption Fund (including the Capitalized Interest Account and the Prepayment Account therein) and the Reserve Fund established pursuant to the Master Indenture derived from the installments of such Assessment or Assessments, as applicable, or from the prepayment of such Assessment or Assessments, as applicable, received by SANBAG.

We are further of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of California, however, we observe that interest on the Bonds is not excludable from gross income for federal income tax under Section 103 of the Internal Revenue Code of 1986 (the "Code"). We express no opinion regarding other federal tax consequences with respect to the Bonds.

Any federal tax advice contained herein with respect to the Bonds is not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties under the Code. The federal tax advice contained herein with respect to the Bonds was written to support the promoting and marketing of the Bonds. Before purchasing the Bonds, all potential purchasers should consult their independent tax advisors with respect to the tax consequences relating to the Bonds and the taxpayer's particular circumstances.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

The rights of the owner of the Bonds and the enforceability of the Bonds, the Master Indenture and the Supplemental Indentures may be subject to bankruptcy, insolvency,

moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principals of equity.

Respectfully submitted,

Best Best & Krieger LLP

EXHIBIT B
FORM OF RELIANCE LETTER OF BOND COUNSEL

[Closing Date]

[Renovate America of the Bond]

Deutsche Bank National Trust Company
1761 E Street Andrew Place
Santa Ana, California

Re: San Bernardino Associated Governments
Limited Obligation Improvement Bond
(HERO Commercial Program)
(_____ Commercial Property Tranche)

Reliance Letter

Ladies and Gentlemen:

We are delivering to you on the date of this letter a copy of our opinion dated [Closing Date] that is attached hereto, and addressed to the Board of Directors of the San Bernardino Associated Governments with respect to the bonds listed on the attached Schedule I. This is to confirm that you may rely on that opinion as though it were addressed to you.

Respectfully submitted,

Best Best & Krieger LLP

EXHIBIT C

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[Closing Date]

Board of Directors
 San Bernardino Associated Governments
 1170 W. 3rd Street, 2nd Floor
 San Bernardino, California

[Renovate America of the Bond]

Deutsche Bank National Trust Company
 1761 E Street Andrew Place
 Santa Ana, California

Re: San Bernardino Associated Governments
 Limited Obligation Improvement Bond
 (HERO Commercial Program)
 (_____ Commercial Property Tranche)

Supplemental Opinion of Bond Counsel

Ladies and Gentlemen:

This opinion is rendered in our capacity as bond counsel for San Bernardino Associated Governments (“SANBAG”) and in conjunction with and pertaining to the proceedings conducted by SANBAG for the levy of assessments and the authorization and issuance of San Bernardino Associated Governments Limited Obligation Improvement Bonds (HERO Commercial Program) (_____ Commercial Property Tranche) listed on the attached Schedule I (the “Bonds” or each series individually, a “Bond”), with respect to the SANBAG HERO Program (the “Program”) taken pursuant to the provisions of Chapter 29 of Part 3, Division 7 of the Streets and Highways Code of the State of California (“Chapter 29”) and the sale and delivery of the Bond by SANBAG pursuant to the provisions of Chapter 29, the Improvement Bond Act of 1915 (Division 10 of the Streets and Highways Code of the State of California) (the “Bond Act”), Resolution No. _____ adopted by the Board of Directors of SANBAG (the “Board of Directors”) on June __, 20__ (the “Original Resolution of Issuance”) and the Master Indenture, dated as of _____, 20__ (the “Master Indenture”), by and between SANBAG and Deutsche Bank National Trust Company, as trustee (the “Trustee”) and a separate Supplemental Indenture, dated as of _____, 20__ (each, a “Supplemental Indenture”), by and between SANBAG and the Trustee, pertaining to each Bond. Capitalized terms used herein and not defined herein shall have the meanings given such terms in the Master Indenture or the applicable Supplemental Indenture, as appropriate.

On May 24, 2013 SANBAG filed a judicial validation proceeding pursuant to the provisions of Section 860 *et seq.* of the California Code of Civil Procedure (the “Validation Statute”) in the Superior Court of the County of San Bernardino (the “Superior Court”) entitled *San Bernardino Associated Governments v. All Persons Interested, et al.*, Case No. CIVDS 1305664 (the “Validation Action”) to validate the Program and all proceedings relating to or leading up to the Program, the contractual assessments to be levied by SANBAG and the issuance and sale of limited obligation improvement bonds related thereto. On August 26, 2013, a default judgment was entered in the Validation Action (the “Default Judgment”) in which the Superior Court ordered, judged and decreed, in part, that all proceedings by and for SANBAG in connection with the Program, the contractual assessment agreements, and all proceedings related to or leading up to the issuance of such limited obligation improvement bonds, and all matters related thereto, and the execution and delivery of such limited obligation improvement bonds were and are, legal and binding obligations in accordance with their terms and were and are in conformity with all applicable provisions of all laws and enactments at any time in force or controlling upon such proceedings, whether imposed by law, constitution, statute or ordinance, and whether federal, state or local.

As to questions of fact material to our opinion, we have relied upon representations of SANBAG, the certified proceedings and other certifications furnished to the SANBAG or to us, without undertaking to verify the same by independent investigation.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions, including the Default Judgment, and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof.

As used in this opinion, the phrase “current actual knowledge” means knowledge of facts or other information that is in the conscious awareness of lawyers currently in our firm who have performed legal services for SANBAG.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. SANBAG is duly created and validly existing as a joint exercise of powers authority organized and existing under the Constitution and laws of the State of California.
2. SANBAG has full legal power and lawful authority to adopt the Original Resolution of Issuance and approve and enter into the Master Indenture and the Supplemental Indenture, and the Resolution of Issuance, the Master Indenture, the Supplemental Indentures and the Bonds were duly approved by the Board of Directors of SANBAG.
3. [The/Each Bond] has been duly authorized, issued, executed and delivered by SANBAG and constitutes the legal, valid and binding agreement of SANBAG, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other laws affecting the enforcement of creditors’ rights in

general and except as such enforceability may be limited by the application of equitable principles and the exercise of judicial discretion in appropriate cases. The Master Indenture and the Supplemental Indentures have been duly authorized, executed and delivered by SANBAG, and, assuming due authorization, execution and delivery where applicable by the other parties thereto, constitute the legal, valid and binding agreement of SANBAG, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles and the exercise of judicial discretion in appropriate cases.

4. The Validation Action was duly filed and the Default Judgment duly entered in accordance with all applicable, laws, rules and regulations of the State of California.

5. Notice of the Validation Action was duly made in accordance with the Validation Statute and the order of the Superior Court.

6. The Default Judgment is final and in full force and effect.

7. Pursuant to its terms and the Validation Statute, the Default Judgment is, notwithstanding any other provisions of law, forever binding and conclusive, as to all matters adjudicated or which could have been adjudicated, against all persons interested, and such Default Judgment shall permanently enjoin the institution by any person of any proceeding raising any issue as to which the judgment is binding and conclusive.

8. Each Assessment has been duly and validly authorized in accordance with the laws of the State of California and a lien to secure payment of the Assessment has been imposed on the Participating Parcel.

9. The lien of each Assessment is coequal to and independent of the lien for general taxes, and, except as provided in Government Code Section 53936, not subject to extinguishment by the sale of the property on account of the nonpayment of any taxes, and prior and superior to all liens, claims and encumbrances except (a) the lien for general taxes or *ad valorem* assessments in the nature of and collected as taxes levied by the State of California, the County of San Bernardino or the city, special district or other local agency, if any, within which each Participating Parcel is located, (b) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of each Assessment, (c) easements constituting servitudes upon or burdens to each Participating Parcel, (d) water rights, the record title to which is held separately from the title to each Participating Parcel, and (e) restrictions of record. The lien of each Assessment has the same priority as the lien for general taxes or *ad valorem* assessments in the nature of and collected as taxes levied by the State of California, the County of San Bernardino or the city, special district or other local agency, if any, within which each Participating Parcel is located.

10. To our actual knowledge, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body (except for the Validation Actions) is pending or threatened, in any way affecting the existence of SANBAG or the titles of its officers to their respective offices, or seeking to restrain

or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Master Indenture and the Supplemental Indentures, the collection or application of the Assessments pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Assessments, the Bonds, the Master Indenture, the Supplemental Indentures, any other applicable agreements, or any action of the SANBAG contemplated by any of those documents, or in any way contesting the powers of the SANBAG or its authority with respect to the Bonds, the Master Indenture, the Supplemental Indentures, any other applicable agreements, or any action of the SANBAG contemplated by any of those documents, or which would adversely affect the exemption of interest on the Bonds from California personal income taxation; nor to our actual knowledge, is there any basis for any of the foregoing actions.

11. The Program, the Assessment Contracts, the levy of the Assessments and the issuance of the Bonds do not violate the prohibition against “impairing the obligation of contracts” as provided in the United States Constitution, Article I, Section 10, clause 1, or the California Constitution, Article I, Section 9, do not constitute a taking of a pre-existing lender’s property and do not constitute a taking of private property without due process of law in violation of the Fifth and Fourteenth Amendments to the United States Constitution or the California Constitution, Article I, Section 19.

12. Each Bond is exempt from registration pursuant to the Securities Act of 1933, as amended, and the Master Indenture and the Supplemental Indentures are exempt from qualification under the Trust Indenture of 1939, as amended.

The opinions expressed above do not constitute a guarantee of the outcome of any particular litigation, and there can be no assurance that no action may be taken in federal or state court challenging the constitutionality of Chapter 29 and/or the Bond Act relating to the Bonds. Furthermore, given the lack of judicial precedent directly on point, and the novelty of the transactions pertaining to Chapter 29, the Program and/or the Bonds, the outcome of any such litigation cannot be predicted with certainty. In the event of any claim and/or action which adversely impacts the rights of the holder of the Bonds, costly and time-consuming litigation could ensue, adversely affecting, at least temporarily, the price and liquidity of the Bonds.

The opinions set forth herein is intended for the information solely of the addressees hereof and is not to be relied upon by any other person or entity, or for any other purpose, or quoted as a whole or in part, or otherwise referred to, in any document, or to be filed with any governmental or other administrative agency or other person or entity for any purpose without our prior express written consent. We do not undertake to advise you of matters that may come to our attention subsequent to the date hereof that may affect the opinions expressed herein.

Respectfully submitted,

EXHIBIT D

OMNIBUS CERTIFICATE OF SANBAG

[Name and address of purchaser of Bond] Deutsche Bank National Trust Company
1761 E Street Andrew Place
Santa Ana, California 92705

Re: \$ _____
San Bernardino Associated Governments
Limited Obligation Improvement Bonds
(HERO Commercial Program)
(_____ Commercial Property Tranche)

The undersigned hereby certifies that [he/she] is an Authorized Representative of the San Bernardino Associated Governments (“SANBAG”) and that the undersigned is authorized to execute this Omnibus Certificate of SANBAG on behalf of SANBAG in connection with the issuance of the San Bernardino Associated Governments Limited Obligation Improvement Bonds (HERO Commercial Program) (_____ Commercial Property Tranche) listed on the attached Schedule I (the “Bonds” or each series individually, a “Bond”). All capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Master Indenture, dated as of _____ 1, 20__ (the “Master Indenture”), by and between SANBAG and Deutsche Bank National Trust Company, as trustee (the “Trustee”).

1. The San Bernardino Associated Governments (“SANBAG”) is a joint exercise of powers authority duly organized and existing under the Constitution of the State of California (the “Constitution”) and laws of the State of California (the “State”), and has, and at the Closing Date will have, full legal right, power and authority, for and on behalf of the Participating Agencies,

- (a) to adopt the Resolution of Issuance,
- (b) to enter into the Master Bond Purchase Agreement, dated as of _____, 20__ (the “Master BPA”), by and between SANBAG and Renovate America, Inc. (“Renovate America”),
- (c) to enter into the Master Indenture and each Supplemental Indenture, dated as of _____, 20__ (each, a “Supplemental Indenture” and collectively, the “Supplemental Indentures”), by and between SANBAG and the Trustee with respect to the Bonds,
- (d) to issue, sell and deliver the Bonds to _____ as provided in the Master BPA,

(e) to enter into the Assessment Contract for each Participating Parcel as identified in the applicable Supplemental Indenture,

(f) to carry out and consummate the transactions on its part contemplated by the Master BPA, the Master Indenture, the Supplemental Indentures and the Bonds and the Assessment Contracts.

The Master BPA, the Master Indenture, the Supplemental Indentures and the Assessment Contracts are collectively referred to herein as the “SANBAG Documents.”

2. By all necessary official action of SANBAG, SANBAG has duly authorized and approved the adoption or execution and delivery by SANBAG of, and the performance by the SANBAG of the obligations on its contained in, the Bonds, the SANBAG Documents and the Resolution of Issuance and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. The Bonds and, when executed and delivered by the parties thereto, the SANBAG Documents will constitute the legally valid and binding obligations of SANBAG enforceable against SANBAG in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally. SANBAG has complied, and will at the Closing (as such term is defined in the Master BPA, be in compliance in all respects, with the obligations on its part to be performed on or prior to the Closing Date under the Bonds and the SANBAG Documents.

3. The Board of Directors has duly established the Program pursuant to the applicable Resolution of Formation and Chapter 29. The Board of Directors has duly authorized the issuance and sale of the Bond pursuant to Resolution of Issuance, adopted by the Board of Directors, the Master Indenture and the applicable Supplemental Indenture.

4. As of the Closing Date, SANBAG is not or will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States of America, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which SANBAG is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have an adverse effect on SANBAG’s ability to perform its obligations under the Bonds or the SANBAG Documents; and, as of such times, the authorization, execution and delivery of the Bond and the SANBAG Documents and compliance by SANBAG with the obligations on its part to be performed in each of such agreements or instruments does not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States of America, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which SANBAG (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of

its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the SANBAG Documents.

5. As of the Closing Date there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an “Action”) pending with respect to which SANBAG has been served with process or to the best knowledge of SANBAG threatened, in which any such Action (i) in any way questions the corporate existence of SANBAG or the titles of the officers of SANBAG to their respective offices, (ii) in any way questions the establishment of the Program or the titles of the Board of Directors of SANBAG, (iii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the SANBAG Documents or the consummation of the transactions on the part of SANBAG contemplated thereby, or contests the exclusion of the interest on the Bonds from state income taxation or contests the powers of SANBAG, or its authority, to levy and collect the applicable Assessment, (iv) may result in any material adverse change relating to the financial condition of SANBAG; and as of the time of acceptance hereof and as of the Closing Date, to the knowledge of SANBAG, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

6. Each Bond, when issued, executed and delivered in accordance with the Indenture and sold to _____, will be validly issued and an outstanding limited obligation of SANBAG, entitled to the benefits of the Master Indenture and the applicable Supplemental Indenture and the security of the pledge of the proceeds of the levy of the applicable Assessments identified in the applicable Supplemental Indentures. The Indenture creates a valid pledge of the moneys in certain funds and accounts established pursuant to such Indenture, including the investments thereof subject in all cases to the provisions of such Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

7. Each Assessment constituting the security for the applicable Bond has been duly and lawfully authorized and levied under Chapter 29 and the Constitution and the applicable laws of the State, and pursuant to Chapter 29 such Assessment, when levied, will constitute a valid and legally binding lien on the Participating Parcel upon which it has been levied.

8. All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, or which would constitute a condition precedent to or the absence of which would adversely affect the due performance by SANBAG of its obligations in connection with the SANBAG Documents have been duly obtained or made and are in full force and effect.

9. SANBAG will apply the proceeds of the Bonds in accordance with the applicable Supplemental Indenture.

Respectfully submitted

Attachment: 16-1001559 SANBAG Master Bond Purchase Agreement (HERO Commercial Program) (First Commercial Property Tranche)-c1

EXHIBIT E

CERTIFICATE OF TRUSTEE

SAN BERNARDINO ASSOCIATED GOVERNMENTS
 LIMITED OBLIGATION IMPROVEMENT BONDS
 (HERO Commercial Program)
 (_____ Commercial Property Tranche)

CERTIFICATE OF TRUSTEE

The undersigned hereby states and certifies:

1. The undersigned is an authorized officer of Deutsche Bank National Trust Company, a national banking association organized under the laws of the United States of America, acting as trustee (the "Trustee") under the Master Indenture, dated as of _____ 1, 20__ (the "Master Indenture"), by and between the Trustee and the San Bernardino Associated Governments ("SANBAG") and each Supplemental Indenture, dated as of _____, 20__ (the "Supplemental Indentures"), by and between the Trustee and SANBAG related to the applicable San Bernardino Associated Governments Limited Obligation Improvement Bond (HERO Commercial Program) (_____ Commercial Property Tranche), listed in the attached Schedule I;

2. the Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States of America having the full power and authority to enter into and perform its duties under the Master Indenture and the Supplemental Indentures and to authenticate and deliver the Bonds to _____ (the "Original Purchaser"), as the purchaser thereof, pursuant to the Master Indenture, the Supplemental Indentures and the Master Bond Purchase Agreement made and entered on _____ 1, 20__, by and between SANBAG and Renovate America, Inc.;

3. the Trustee is duly authorized to enter into the Master Indenture and the applicable Supplemental Indenture and to authenticate and deliver each Bond to the Original Purchaser pursuant to the terms of the Master Indenture and the applicable Supplemental Indenture, and has duly executed and delivered the Master Indenture and each of the Supplemental Indentures;

4. the Trustee is duly authorized to accept the obligations created by the Master Indenture and the Supplemental Indentures and to authenticate each Bond pursuant to the terms of the Master Indenture and the applicable Supplemental Indenture;

5. pursuant to the Master Indenture and the applicable Supplemental Indenture, the Trustee will apply the proceeds from each Bond to the purposes specified in the Master Indenture and such Supplemental Indenture;

6. no consent, approval, authorization or other action by any governmental or regulatory agency having jurisdiction over the Trustee known to the Trustee that has not been

obtained by the Trustee is or will be required for the authentication and delivery of each Bond or the consummation by the Trustee of the other transactions contemplated by the Master Indenture and the applicable Supplemental Indenture;

7. to the best knowledge of the Trustee, the execution and delivery by the Trustee of the Master Indenture and the Supplemental Indentures and compliance with the terms thereof by the Trustee, and authentication and delivery of the Bonds will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any Federal or state securities or blue sky laws or regulations), or (except with respect to the lien of the Master Indenture and the Supplemental Indentures) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Trustee;

8. there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best knowledge of the Trustee, threatened in any way affecting the existence of the Trustee, or seeking to restrain or to enjoin the execution and delivery of the Master Indenture or the Supplemental Indentures, or the authentication of the Bonds by the Trustee, or in any way contesting or affecting the validity or enforceability, as against the Trustee, of the Master Indenture or the Supplemental Indentures or any action of the Trustee contemplated by any of said documents, or in which an adverse outcome would materially and adversely affect the ability of the Trustee to perform its obligations under the Master Indenture or the Supplemental Indentures; and

9. the Trustee has duly authenticated each Bond pursuant to the Master Indenture and the applicable Supplemental Indentures and delivered the Bonds to or upon the order of the Original Purchaser.

DATED:

DEUTSCHE BANK NATIONAL TRUST COMPANY,
as Trustee

By: _____
Authorized Officer

EXHIBIT F
LETTER OF PURCHASER
INVESTOR LETTER
_____, 20__

San Bernardino Associated Governments
1170 W. 3rd Street, 2nd Floor
San Bernardino, California 92410
Attention: Executive Director

Deutsche Bank National Trust Company
c/o DB Services Americas, Inc.
5022 Gate Parkway, Suite 200
Jacksonville, Florida 32256
Attention: Transfer Unit

Re: San Bernardino Associated Governments
Limited Obligation Improvement Bonds
(HERO Commercial Program)
(_____ Commercial Property Tranche)

Ladies and Gentlemen:

The undersigned (the “Investor”) proposes to purchase the limited obligation improvement bonds as listed on the attached Schedule I (the “Bonds”) from the San Bernardino Associated Governments (“SANBAG”). Capitalized terms used in this Investor Letter and not otherwise defined herein shall have the meanings ascribed to such terms in the Master Indenture, dated as of _____ 1, 20__ (the “Master Indenture”), by and between SANBAG and Deutsche Bank National Trust Company, as trustee (the “Trustee”)

In connection with the sale of the Bonds to the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.

2. The Investor is an “accredited investor” under Regulation D of the Securities Act of 1933 and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

3. The Bonds are being acquired by the Investor for investment and not for more than one account or with a view to distribution of the Bonds except as provided for in paragraph 8 below. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

4. The Investor understands that the Bonds are not registered under the 1933 Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which may not be readily marketable.

5. The Investor understands that (a) the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the State of California or any political subdivision thereof and that SANBAG has no taxing power, (b) the Bonds do not and will not represent or constitute a general obligation or a pledge of the faith and credit of SANBAG, the State of California or any political subdivision thereof; and (c) the liability of SANBAG with respect to each Bond is limited to first priority perfected security interest granted in the applicable Assessment and all other Collateral securing such Bond and all moneys deposited in the Redemption Fund (including the Capitalized Interest Account, the Assessment Collection Account and the Prepayment Account therein) are derived from the issuance of the Bonds, the installments of such Assessments or from the prepayment of such Assessment received by SANBAG as set forth in the Indenture.

6. The Investor acknowledges that its has either been supplied with or been given access to such information, to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning SANBAG, the Program, the Assessment Contract, the Assessments, the Participating Parcels, the Master Indenture, the Supplemental Indentures, the Bonds and the security therefor and the Side Letter Agreement so that, as a reasonable investor, the Investor has been able to make its decision to purchase the Bonds.

7. The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. The Investor, with assistance of counsel, has reviewed the Bonds, the Master Indenture and the Supplemental Indentures. The Investor acknowledges, consents and agrees to all terms of such documents.

8. The Investor acknowledges that it has the right to sell and transfer the Bonds, in accordance with the terms of the Master Indenture and the Supplemental Indentures, subject to the delivery to the Trustee of a letter from the transferee in the form attached to the Master Indenture as Exhibit C, with no material revisions except as may be approved in writing by SANBAG. Failure to deliver such letter shall cause the purported transfer to be null and void.

9. The Investor understands that neither the members, directors, officers, employees or agents of the SANBAG, nor any person executing the Bonds, the Master Indenture or the

Supplemental Indentures, shall be subject to any personal liability or accountability by reason of or in connection with the issuance, offering, execution and delivery of the Bonds.

10. The Investor has obtained what it considers adequate information regarding SANBAG, the Program, the Assessment Contracts, the Assessments, the Participating Parcels, the Master Indenture, the Supplemental Indentures and the Bonds to make an informed investment decision to purchase the Bonds. Except as set forth in the Indenture, the Investor acknowledges that SANBAG and its agents, representatives and attorneys are under no duty to provide, and the Investor acknowledges that it is not entitled to receive, (i) any additional information regarding SANBAG, the Program, the Assessment Contract, the Assessments, the Participating Parcels, the Master Indenture, the Supplemental Indentures or the Bonds or (ii) an update to the information previously provided by such persons to the Investor; provided, however, that such acknowledgement does not extend to information provided by SANBAG, its agents, representatives and/or attorneys that would have the effect of correcting (a) any untrue statement of a material fact made in the Bonds, the Master Indenture or the Supplemental Indentures or in any of the other information provided to the Investor by SANBAG or its agents, representatives or attorneys or (b) any omission of a material fact necessary to make a statement made in such documents not misleading in light of the circumstances under which it was made.

Very truly yours,

[Insert] _____

By: _____
 Name:
 Title:

EXHIBIT G

RECEIPT FOR BONDS

SAN BERNARDINO ASSOCIATED GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BOND
(HERO Commercial Program)
(_____ Commercial Property Tranche)

RECEIPT FOR BONDS

Receipt is hereby acknowledged of the San Bernardino Associated Governments Limited Obligation Improvement Bonds (HERO Commercial Program) (_____ Commercial Property Tranche) listed on the attached Schedule I (the "Bonds") by _____ (the "Renovate America"), as the original purchaser of the Bonds.

The undersigned hereby states and certifies on behalf of the Renovate America that the Renovate America has received on this date from Deutsche Bank National Trust Company, as Trustee (the "Trustee"), under the Master Indenture, dated as of _____ 1, 20__ (the "Master Indenture"), by and between the Trustee and the San Bernardino Associated Governments ("SANBAG"), as supplemented by each Supplemental Indenture, dated as of _____, 20__ (the "Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), pertaining to the applicable Bond by and between the Trustee and SANBAG, such Bonds, as authenticated and delivered by the Fiscal Agent pursuant to the Indenture.

The undersigned further states and certifies that all certificates, opinions and agreements requested by the Renovate America [as the assignee of Renovate America, Inc.] under the Master Bond Purchase Agreement, dated _____ 1, 20__ (the "Purchase Agreement"), between Renovate America, Inc. and SANBAG, have been delivered and that all conditions precedent for the Renovate America to accept delivery of such Bonds under the Purchase Agreement have been met or waived.

Dated:

By: _____
Authorized Signatory

EXHIBIT H

HERO PACE PROGRAM COMMERCIAL FEES

Commercial		Current 4/1/16
Distribution	Team Member	
Financing Partner Admin & Verification	RA	3.19%
Program Sponsor	SANBAG	1.15%
Program Manager/FA(1)	PFM	See PFM Table
Trustee	DB	\$750/Bond From RA
Assessment Admin	DTA	0.52%
Bond / Issuer Counsel	BBK	0.965%
Total Cost%		5.825%
plus per assessment fees		
	Recording	\$ 95
	Annual admin (2)	\$ 390
	Annual Admin Reserve	\$ 40

(1) Paid out of closing costs allocations of Renovate America

(2) For a single assessment that is split between two parcels, or a second assessment on a single parcel, the second parcel is charged \$100 annual admin.

Commercial PACE-SANBAG		
PFM Fees		
Assmt Min	Assmt Max	Fees
\$0.00	\$50,000.00	\$213.00
\$50,000.00	\$75,000.00	\$425.00
\$75,000.00	\$100,000.00	\$638.00
\$100,000.00	\$125,000.00	\$850.00
\$125,000.00	\$150,000.00	\$1,063.00
\$150,000.00	\$175,000.00	\$1,275.00
\$175,000.00	\$200,000.00	\$1,488.00
\$200,000.00	\$225,000.00	\$1,700.00
\$225,000.00	\$250,000.00	\$1,913.00
\$250,000.00	\$275,000.00	\$2,125.00
\$275,000.00	\$300,000.00	\$2,338.00
\$300,000.00	\$325,000.00	\$2,550.00
\$325,000.00	\$350,000.00	\$2,763.00
\$350,000.00	\$375,000.00	\$2,975.00
\$375,000.00	\$400,000.00	\$3,188.00
\$400,000.00	\$425,000.00	\$3,400.00
\$425,000.00	\$450,000.00	\$3,613.00
\$450,000.00	\$475,000.00	\$3,825.00
\$475,000.00	\$500,000.00	\$4,038.00
\$500,000.00	\$525,000.00	\$4,250.00
\$525,000.00	\$550,000.00	\$4,463.00
\$550,000.00	\$575,000.00	\$4,675.00
\$575,000.00	\$600,000.00	\$4,888.00
\$600,000.00	\$625,000.00	\$5,100.00
\$625,000.00	\$650,000.00	\$5,313.00
\$650,000.00	\$675,000.00	\$5,525.00
\$675,000.00	\$700,000.00	\$5,950.00
\$700,000.00	\$725,000.00	\$6,163.00
\$725,000.00	\$750,000.00	\$6,375.00
\$750,000.00	\$775,000.00	\$6,588.00
\$775,000.00	\$800,000.00	\$6,800.00
\$800,000.00	\$825,000.00	\$7,013.00
\$825,000.00	\$850,000.00	\$7,225.00
\$850,000.00	\$875,000.00	\$7,438.00
\$875,000.00	\$900,000.00	\$7,650.00
\$900,000.00	\$925,000.00	\$7,863.00
\$925,000.00	\$950,000.00	\$8,075.00
\$950,000.00	\$975,000.00	\$8,288.00
\$975,000.00	\$1,000,000.00	\$8,500.00
\$1,000,000.00	\$1,025,000.00	\$8,713.00
\$1,025,000.00	\$1,050,000.00	\$8,925.00
\$1,050,000.00	\$1,075,000.00	\$9,138.00
\$1,075,000.00	\$1,100,000.00	\$9,350.00
\$1,100,000.00	\$1,125,000.00	\$9,563.00
\$1,125,000.00	\$1,150,000.00	\$9,775.00
\$1,150,000.00	\$1,175,000.00	\$9,988.00
\$1,175,000.00	\$999,999,999.00	\$10,200.00

Minute Action

AGENDA ITEM: 12

Date: August 10, 2016

Subject:

Changes to the Commercial HERO Program Administered by SAMAS Capital, LLC

Recommendation:

That the General Policy Committee recommend the Board approve Resolution No. 17-004 authorizing changes to the Commercial HERO Program administered for San Bernardino Associated Governments (SANBAG) by SAMAS Capital, LLC (SAMAS), including: amending the HERO Program Report and the Master Indenture for issuance of bonds secured by assessments on commercial parcels participating in SAMAS Commercial program; and second amendments to the Master Bond Purchase Agreement with SAMAS (C14055) and the Administrative Services Agreement with SAMAS (C14052).

Background:

In October 2013, the Board of Directors approved a Property Assessed Clean Energy (PACE) program for both residential and commercial properties throughout San Bernardino County. That program is known as the HERO Program. At that time the residential program was administered by Renovate America and the commercial program was administered by SAMAS Capital, LLC.

Now Renovate America desires to initiate a commercial PACE program to be marketed under the HERO name. Both SAMAS Capital and Renovate America have agreed that SAMAS will establish a new name for the commercial program that they will administer. The new name for the commercial program administered by SAMAS Capital, LLC will be “Samas Commercial”.

In order to proceed with these changes, the Board of Directors will need to approve Resolution No. 17-004 to modify certain documents to reflect this name change. This resolution will accomplish the following:

- Approve modifications to the Program Report and the Commercial Handbook to reflect the name change (under separate cover).
- Approve the form of the Amended and Restated Master Indenture related to the issuance of bonds to finance the commercial PACE program (on file with clerk).
- Approve the forms of the second amendment to the Administrative Services Agreement with SAMAS Capital, LLC (C14052) and the second amendment to the Master Bond Purchase Agreement (C14055) with SAMAS Capital, LLC to provide for the change in the program name.

Entity: COG

General Policy Committee Agenda Item

August 10, 2016

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The approval of this resolution and the related documents simply change the name of the commercial program administered by SAMAS Capital, LLC. All other functions, policies and procedures of this commercial program will remain the same.

Financial Impact:

This item will have no impact on the adopted SANBAG budget.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee. This item, the draft resolution, draft amendments, and draft amended and restated Master Indenture, have been reviewed by SANBAG's General Counsel.

Responsible Staff:

Duane Baker, Deputy Executive Director

Approved
General Policy Committee
Date: August 10, 2016

Witnessed By:

RESOLUTION No. 17-004

RESOLUTION OF THE SAN BERNARDINO ASSOCIATED GOVERNMENTS AUTHORIZING THE EXECUTIVE DIRECTOR TO AMEND THE SANBAG HERO PROGRAM REPORT TO DESIGNATE THE COMMERCIAL COMPONENT OF EACH SUCH PROGRAM TO BE ADMINISTERED BY AND FINANCED THOROUGH SAMAS CAPITAL, LLC, AS “SAMAS COMMERCIAL”, TO APPROVE AN AMENDED AND RESTATED MASTER INDENTURE FOR THE ISSUANCE OF BONDS SECURED BY ASSESSMENTS LEVIED ON COMMERCIAL PARCELS PARTICIPATING IN SAMAS COMMERCIAL, APPROVE AND EXECUTE AN AMENDMENT TO THE MASTER BOND PURCHASE AGREEMENT AND TO THE ADMINISTRATIVE SERVICES AGREEMENT WITH SAMAS CAPITAL, LLC, TO REFLECT SUCH DESIGNATION AND APPROVING OTHER ACTIONS IN CONNECTION THERETO.

WHEREAS, since the establishment of the SANBAG HERO Program (the “Program”), the commercial program administered by and financed through Samas Capital, LLC (“Samas”) as a part of the Program has been referred to and known as the Commercial HERO Program; and

WHEREAS, Renovate America, Inc. (“Renovate”), now desires to initiate a commercial program and to use the HERO name to identify its commercial program; and

WHEREAS, Renovate and Samas have consequently agreed that Samas shall establish a new name for the commercial program to be administered by and financed through Samas; and

WHEREAS, Samas Capital now desires that the commercial portion of the Programs to be administered by and financed through Samas (the “Samas Commercial Program”) under the name “Samas Commercial;” and

WHEREAS, in order to implement such revision it will be necessary to modify the Program Report (the “Program Report”) and the commercial handbook, to approve the form of an amended and restated Master Indenture providing for the issuance of limited obligation improvement bonds issued by SANBAG to finance the installation of eligible improvements on commercial properties participating in the Commercial HERO Program (the “Bonds”) and amendments to Contract No. C14055 between SANBAG and Samas providing that Samas purchase such Bonds (the “Master Bond Purchase Agreement”) and Contract No. C14052 between SANBAG and Samas providing for Samas to provide certain administrative services pertaining to the Commercial HERO Program (the “Samas Administrative Services Agreement”) that will incorporate provisions to implement such revision; and

WHEREAS, the forms of the modified Program Report and commercial handbook , the Amended and Restated Master Indenture and the amendments to Administrative Services Agreement and the Master Bond Purchase Agreement have been presented to the Board of Directors for its review and approval.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the San Bernardino Associated Governments as follows:

Section 1. Approval of Modification of the Program Report and Commercial Handbook. The Board of Directors hereby approves the modification of the Program Report, the Samas Commercial Application and the Samas Commercial Assessment Contract, the final forms of which shall be incorporated in the Program Report, and the Commercial Handbook, each presented to the Board of Directors at this meeting and any other amendments that the Executive Director deems necessary to implement such name change for the commercial program to be

administered and financed by Samas from the Commercial HERO Program to the Samas Commercial Program.

Section 2. Approval of Form of Amended and Restated Master Indenture. The Board of Directors hereby approves the form of Amended and Restated Master Indenture (which may also be in the form of an amendment to the existing Master Indenture) in substantially the form on file with the Secretary of the Board of Directors, together with any changes therein or additions thereto approved by the Executive Director of SANBAG, or any designee of the Executive Director (each, an “Authorized Representative”) and reviewed and concurred in by Best Best & Krieger LLP, in its capacity as bond counsel to SANBAG for the Program, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Board of Directors hereby authorizes and directs an Authorized Representative to execute the final form of the Amended and Restated Master Indenture for and in the name of SANBAG.

Section 3. Approval of Forms of the Amendment to the Administrative Services Agreement and to the Master Bond Purchase Agreement. The Board of Directors hereby approves the forms of amendment to the Administrative Services Agreement and to the Master Bond Purchase Agreement in substantially the forms on file with the Secretary of the Board of Directors, together with any changes therein or additions thereto approved by the Executive Director, or any Authorized Representative and reviewed and concurred in by General Counsel of SANBAG and Best Best & Krieger LLP, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Board of Directors hereby authorizes and directs an Authorized Representative to execute the final form of the amendments to the Administrative Services Agreement and the Master Bond Purchase Agreement for and in the name of SANBAG.

Section 4. Additional Action. The Executive Director or his designee is hereby authorized and directed to approve any other documents related to the Program necessary in the judgment of the Executive Director or his designee to conform such documents to the actions taken by the adoption of this Resolution.

Section 5. Effective Date. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED at a Meeting of the Board of Directors of the San Bernardino Associated Governments held on _____, 2016.

Contract Summary Sheet

General Contract Information

Contract No: 00-1000953 Amendment No.: 2 Vendor No.: 03022
Vendor/Customer Name: SAMAS Capital LLC Sole Source? Yes No
Description: service agreement with SAMAS Capital, LLC to assist in the administration of the commercial PACE Program
Start Date: 10/02/2013 Expiration Date: 06/30/2017 Revised Expiration Date:
Has Contract Term Been Amended? No X Yes - Please Explain Adjusted closing fee
List Any Related Contracts Nos.: C14055

Table with 4 columns: Description, Dollar Amount, Description, Dollar Amount. Rows include Original Contract, Revised Contract, Current Amendment, and TOTAL CONTRACT VALUE.

Contract Authorization

Executive Director Date:
Executive Director Action:
Board of Directors Date:
Board of Directors Action:

Contract Management: Payable/Miscellaneous

Invoice Warning: 20% Renewals: Type: Capital PAA Other
Retention: % Maximum Retention: \$
Services: Construction Intragnt/MOU/COOP A & E Services Other Professional Services
Disadvantaged Business Enterprise (DBE) Goal %

Contract Management: Receivable

E-76 and/or CTC Date (Attach Copy) Program Supplement No.:
Finance Letter Reversion Date: EA No.:

All of the above MUST be submitted to FINANCE including originals, amendments and miscellaneous transaction changes

Additional Information

Project Manager: Duane Baker

Attachment: Contract Summary Sheet [Revision 1] (2974 : Changes to the Commercial HERO Program Administered by SAMAS Capital, LLC)

CONTRACT NO. C 14052-02

**BY AND BETWEEN
SAN BERNARDINO ASSOCIATED GOVERNMENTS
AND
SAMAS CAPITAL, LLC**

**FOR
SERVICES TO ASSIST IN THE IMPLEMENTATION AND ADMINISTRATION OF
FINANCING MECHANISMS FOR THE SANBAG HERO PROGRAM, A PROPERTY
ASSESSED CLEAN ENERGY (PACE) PROGRAM, FOR COMMERCIAL
PROPERTIES IN PARTICIPATING CITIES AND SAN BERNARDINO COUNTY**

**Second Amendment to
Contract No. C14052**

THIS SECOND AMENDMENT TO CONTRACT NO. C14052, dated as of _____, 2016 (the "Second Amendment"), is entered into by and between SAN BERNARDINO ASSOCIATED GOVERNMENTS ("SANBAG") and SAMAS CAPITAL, LLC ("SAMAS CAPITAL") to amend that Contract No. C14052 by and between SANBAG and SAMAS CAPITAL for Services to Assist in the Implementation and Administration of Financing Mechanisms for the SANBAG HERO Program, a Property Assessed Clean Energy (PACE) Program, for Commercial Properties in Participating Cities and San Bernardino County (the "Administration Agreement"). Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Administration Agreement.

RECITALS:

- A. SANBAG and SAMAS CAPITAL entered into the Administration Agreement for the purpose of establishing the terms and conditions pursuant to which SAMAS CAPITAL agreed to provide services related to the implementation and administration of financing for the SANBAG HERO Program.
- B. Since SANBAG and SAMAS CAPITAL entered into the Administration Agreement, the commercial program administered by SAMAS CAPITAL as a part of the SANBAG HERO Program pursuant to Contract No. C14052 has been referred to and known as the Commercial HERO Program.
- C. On May 4, 2016, SANBAG and SAMAS CAPITAL entered into Amendment No. 1 to the Administration Agreement increasing the rate of compensation to SAMAS CAPITAL to better reflect the actual cost of providing certain services.
- D. Renovate America, Inc., ("RENOVATE") administers and finances the residential program as a part of the SANBAG HERO Program which is referred to and known as the Residential HERO Program.

E. RENOVATE now desires to initiate a commercial program and to use the HERO name to identify its commercial program.

F. RENOVATE and SAMAS CAPITAL consequently agreed that SAMAS CAPITAL shall establish a new name for the commercial program to be administered by and financed through SAMAS CAPITAL.

G. SAMAS CAPITAL desires that the commercial program to be administered and financed through SAMAS CAPITAL under the name of “Samas Commercial.”

H. SANBAG and SAMAS CAPITAL desire to amend the Administration Agreement to reflect this change in commercial program name.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained and for other valuable consideration, the receipt of which is hereby acknowledged, SANBAG and SAMAS CAPITAL do hereby covenant and agree as follows:

1. Amendment of Capitalized Terms. The following capitalized terms used in the Administration Agreement shall be revised as follows:

a. “Commercial HERO Program” shall be amended to read “Samas Commercial Program.”

b. “Commercial HERO Program Administration Services” shall be amended to read “Samas Commercial Program Administration Services.”

c. “Commercial HERO Program Administration Services Fee” shall be changed to read “Samas Commercial Program Administration Services Fee.”

d. “Commercial HERO Program Funding” shall be amended to read “Samas Commercial Program Funding”

2. Effect on Remaining Terms and Conditions of the Administration Agreement. Except as expressly provided in Section 1 above, the terms and conditions of the Administration Agreement shall remain in full force and effect.

3. Authority to Enter Second Amendment. SANBAG and SAMAS CAPITAL have all requisite power and authority to execute, deliver, and perform the Second Amendment. Each Party warrants that the individuals who have signed this Second Amendment have the legal power, right, and authority to make this Second Amendment and bind each respective Party.

4. Invalidity. If any provision of this Second Amendment shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Second Amendment unless elimination of such provision materially alters the rights and obligations set forth herein.

7. Effective Date. This Second Amendment shall become effective and binding upon the respective parties hereto upon the execution or acceptance hereof by SANBAG and shall be valid and enforceable as of the time of such acceptance.

8. Counterparts. This Second Amendment may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have made and executed this Second Amendment to Administration Agreement as of the date first written above.

SAN BERNARDINO ASSOCIATED GOVERNMENTS

SAMAS CAPITAL, LLC

By: _____
Title: Robert A. Lovingood, President

By: _____
Title: Mark Allan Aarvig,
Managing Director

APPROVED AS TO FORM:

By: _____
Eileen Monaghan Teichert
General Counsel

CONCURRENCE:

By: _____
Jeffery Hill
Procurement Manager

Attachment: C14052-02 Amendment No 2 to Administration Agreement-c1 [Revision 3] (2974 : Changes to the Commercial HERO Program

Contract Summary Sheet

General Contract Information

Contract No: 00-1000954 Amendment No.: 2 Vendor No.: 03022
 Vendor/Customer Name: SAMAS Capital, LLC Sole Source? Yes No
 Description: the sale by SANBAG and the purchase by vendor of Improvement Bonds for the Commercial PACE Progr.
 Start Date: 10/02/2013 Expiration Date: 06/30/2017 Revised Expiration Date: _____
 Has Contract Term Been Amended? No Yes - Please Explain _____
 List Any Related Contracts Nos.: C14052

Dollar Amount			
Original Contract	\$ 3,990,000.00	Original Contingency	\$ -
Revised Contract (Inclusive of Prior Amendments)	\$ 5,295,000.00	Revised Contingency (Inclusive of Prior Amendments)	\$ -
Current Amendment	\$ -	Contingency Amendment	\$ -
TOTAL CONTRACT VALUE	\$ 5,295,000.00	TOTAL CONTINGENCY VALUE	\$ -
		TOTAL DOLLAR AUTHORITY (Contract Value and Contingency)	\$ 5,295,000.00

Contract Authorization

Executive Director Date: _____
 Executive Director Action: _____
 Board of Directors Date: _____
 Board of Directors Action: _____

Contract Management: Payable/Miscellaneous

Invoice Warning: 20% Renewals: _____ Type: Capital PAA Other
 Retention: % Maximum Retention: \$ -
 Services: Construction Intrgrnt/MOU/COOP A & E Services Other Professional Services
 Disadvantaged Business Enterprise (DBE) Goal %

Contract Management: Receivable

E-76 and/or CTC Date _____ (Attach Copy) Program Supplement No.: _____
 Finance Letter Reversion Date: _____ EA No.: _____

All of the above MUST be submitted to FINANCE including originals, amendments and miscellaneous transaction changes

Additional Information

Project Manager: Duane Baker

Attachment: C14055-02css [Revision 2] (2974 : Changes to the Commercial HERO Program Administered by SAMAS Capital, LLC)

CONTRACT NO. C 14055-02

**SAN BERNARDINO ASSOCIATED GOVERNMENTS
LIMITED OBLIGATION IMPROVEMENT BONDS
SANBAG HERO PROGRAM
Samas Commercial Program
(First Commercial Property Tranche)**

**Second Amendment to
Master Bond Purchase Agreement**

THIS SECOND AMENDMENT TO MASTER BOND PURCHASE AGREEMENT, dated as of _____, 2016 (the "Second Amendment"), is entered into by and between the SAN BERNARDINO ASSOCIATED GOVERNMENTS ("SANBAG") and SAMAS CAPITAL, LLC. ("Purchaser") to amend that certain Master Bond Purchase Agreement, dated as of October 2, 2013 (the "Master BPA"), entered into by and between SANBAG and Purchaser, as amended by Contract No. 14055-01 First Amendment to Master Bond Purchase Agreement (as amended, the "Master BPA"). Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Master BPA.

RECITALS:

- A. SANBAG and Purchaser entered into the Master BPA for the purpose of establishing the terms and conditions pursuant to which Purchaser agreed to purchase, or cause its designee to purchase, all (but not less than all) of the Improvement Bonds (as originally defined in the Master BPA), from SANBAG and SANBAG agreed to sell to Purchaser, when as and if issued, all (but not less than all) of the Improvement Bonds in an aggregate principal amount not to exceed \$300,000,000.
- B. Since SANBAG and Purchaser entered into the Master BPA, the commercial program administered by Purchaser as a part of the SANBAG HERO Program pursuant to Contract No. C14052 by and between SANBAG and Purchaser and financed from the proceeds of Improvement Bonds purchased by Purchaser pursuant to the Master BPA has been referred to and known as the Commercial HERO Program.
- C. Renovate America, Inc., ("Renovate") administers and finances the residential program as a part of the SANBAG HERO Program which is referred to and known as the Residential HERO Program.
- D. Renovate now desires to initiate a commercial program and to use the HERO name to identify its commercial program.
- E. Renovate and Purchaser have consequently agreed that Purchaser shall establish a new name for the commercial program to be administered by and financed through Purchaser.

F. Purchaser desires that the commercial program to be administered and financed through Purchaser under the name of “Samas Commercial.”

G. SANBAG and Purchaser desire to amend the Master BPA to reflect this change in commercial program name.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained and for other valuable consideration, the receipt of which is hereby acknowledged, SANBAG and Purchaser do hereby covenant and agree as follows:

1. Amendment to Title of the Improvement Bonds. The title of the Improvement Bonds found in the fourth paragraph to the recitals to the Master BPA shall be revised to read “San Bernardino Associated Governments Limited Obligation Improvement Bonds (SANBAG HERO Program – Samas Commercial) (_____ Commercial Property Tranche).”

2. Amendment to Section 5 Conditions of SANBAG’s Obligations. The following capitalized terms used in Section 5 of the Master BPA shall be revised as follows:

a. “Commercial HERO Program Administrative Services” shall be amended to read “Samas Commercial Program Administrative Services.”

b. “Commercial HERO Program Funding” shall be amended to read “Samas Commercial Program Funding”

3. Amendment to Exhibits A through F. Exhibits A through F to the Master BPA are hereby deleted in their entirety and replaced with Exhibits A through F attached to this Second Amendment.

4. Effect on Remaining Terms and Conditions of the Master BPA. Except as expressly provided for in 1 and 2 above, the terms and conditions of the Master BPA shall remain in full force and effect.

5. Authority to Enter Second Amendment. SANBAG and Purchaser have all requisite power and authority to execute, deliver, and perform the Second Amendment. Each Party warrants that the individuals who have signed this Second Amendment have the legal power, right, and authority to make this Second Amendment and bind each respective Party.

6. Invalidity. If any provision of this Amendment No. 2 shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Amendment No. 2 unless elimination of such provision materially alters the rights and obligations set forth herein.

7. Effective Date. This Second Amendment shall become effective and binding upon the respective parties hereto upon the execution or acceptance hereof by SANBAG and shall be valid and enforceable as of the time of such acceptance.

8. Counterparts. This Second Amendment may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have made and executed this Second Amendment to Master BPA as of the date first written above.

SAN BERNARDINO ASSOCIATED
GOVERNMENTS

SAMAS CAPITAL, LLC

By: _____
Title: Robert A. Lovingood, President

By: _____
Title: Mark Allan Aarvig,
Managing Director

APPROVED AS TO FORM:

By: _____
Eileen Monaghan Teichert
General Counsel

CONCURRENCE:

By: _____
Jeffery Hill
Procurement Manager

Attachment: C14055-02 Amendment No 2 to Master Bond Purchase Agreement-c1 [Revision 1] (2974 : Changes to the Commercial HERO

EXHIBIT A
FORM OF BOND COUNSEL OPINION

[Closing Date]

Board of Directors
San Bernardino Associated Governments
1170 W. 3rd Street, 2nd Floor
San Bernardino, California 92410-1715

Re: \$ _____
San Bernardino Associated Governments
Limited Obligation Improvement Bonds
(SANBAG HERO Program - Samas Commercial)
(First Commercial Property Tranche)
Series No. _____

Bond Counsel Opinion

Ladies and Gentlemen:

We have acted as bond counsel to the San Bernardino Associated Governments (“SANBAG”) in connection with the issuance by SANBAG of the above-referenced limited obligation improvement bond in the amount of \$ _____ (the “Bond”). In such capacity we have examined the proceedings taken by SANBAG for the levy of assessments and the authorization and issuance of bonds, including the Bond, with respect to the SANBAG HERO Program (the “Program Proceedings”). Additionally, we have examined such law, certifications, and other documents as we have deemed necessary to render this opinion.

The Program Proceedings were taken pursuant to the provisions of Chapter 29 of Part 3, Division 7 of the Streets and Highways Code of the State of California (“Chapter 29”). The Bond has been issued pursuant to Chapter 29, the Municipal Improvement Act of 1915 (Division 10 of the Streets and Highways Code of the State of California), Resolution No. 13-45 adopted by the Board of Directors of SANBAG (the “Board of Directors”) on March 6, 2013 (the “Resolution of Issuance”) and Resolution No. 14-003 adopted by the Board of Directors on October 2, 2013 (the “Supplemental Resolution of Issuance”), the Amended and Restated Master Indenture, dated as of _____ 1, 2016 (the “Master Indenture”), by and between SANBAG and Deutsche Bank National Trust Company, as Trustee (the “Trustee”) and the Supplemental Indenture Series No. _____, dated as of _____, 20__ (the “Supplemental Indenture”), by and between SANBAG and the Trustee, pertaining to the Bond. Capitalized

terms used herein and not defined herein shall have the meanings given such terms in the Master Indenture or the Supplemental Indenture, as appropriate.

As to questions of fact material to our opinion, we have relied upon representations of SANBAG, the certified proceedings and other certifications furnished to the SANBAG or to us, without undertaking to verify the same by independent investigation.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions, including the default judgment rendered on August 26, 2013, by the Superior Court of the County of San Bernardino in the validation action entitled Superior Court of the County of San Bernardino as *San Bernardino Associated Governments v. All Persons Interested, etc.*, Case No. CIVDS 1305664, and cover certain matters not directly addressed by such authorities. We call attention to the fact that the opinions contained herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. This opinion is given as of the date hereof and we assume no obligation to revise and supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may thereafter occur.

Based upon the foregoing, we are of the opinion that the Program Proceedings have been undertaken in accordance with the law and the Constitution of the State of California and that the Bond, having been duly issued, executed and delivered in the manner provided by law, and the Master Indenture and the Supplemental Indenture having been duly authorized and executed by the proper official, constitute the legally valid and binding limited obligations of SANBAG enforceable in accordance with their terms subject to the qualifications specified below. The Bond is secured by a first pledge of the Assessment, securing such Bond levied upon the Participating Parcel (except amounts deposited into the Administrative Expense Fund established pursuant to the Master Indenture) and all moneys deposited in the Redemption Fund (including the Capitalized Interest Account and the Prepayment Account therein) established pursuant to the Master Indenture derived from the installments of such Assessment, or from the prepayment of such Assessment, received by SANBAG.

We are further of the opinion that interest on the Bond is exempt from personal income taxes imposed by the State of California, however, we observe that interest on the Bond is not excludable from gross income for federal income tax under Section 103 of the Internal Revenue Code of 1986 (the "Code"). We express no opinion regarding other federal tax consequences with respect to the Bond.

Any federal tax advice contained herein with respect to the Bond is not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties under the Code. The federal tax advice contained herein with respect to the Bond was written to support the promoting and marketing of the Bond. Before purchasing the Bond, all potential purchasers

should consult their independent tax advisors with respect to the tax consequences relating to the Bond and the taxpayer's particular circumstances.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

The rights of the owner of the Bond and the enforceability of the Bond, the Master Indenture and the Supplemental Indenture may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted, and their enforcement may be subject to the exercise of judicial discretion in accordance with general principals of equity.

Respectfully submitted,

BEST BEST & KRIEGER LLP

EXHIBIT B
FORM OF RELIANCE LETTER OF BOND COUNSEL

[Closing Date]

Board of Directors
San Bernardino Associated Governments
1170 W. 3rd Street, 2nd Floor
San Bernardino, CA 92410-1715

Assignee, if applicable

Deutsche Bank National Trust Company
1761 East Saint Andrew Place
Santa Ana, CA 92705

Re: \$162,783.19
 San Bernardino Associated Governments Limited Obligation Improvement
 Bonds (SANBAG HERO Program – Samas Commercial)
 (First Commercial Property Tranche)
 Series No. _____

RELIANCE LETTER

Ladies and Gentlemen:

We are delivering to you on the date of this letter a copy of our opinion dated _____, 2016 that is attached hereto, and addressed to the Board of Directors of the San Bernardino Associated Governments with respect to the above referenced bond. This is to confirm that you may rely on that opinion as though it were addressed to you.

Respectfully submitted,

BEST BEST & KRIEGER LLP

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EXHIBIT C

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[Closing Date]

Board of Directors Assignee, if applicable
 San Bernardino Associated Governments
 1170 W. 3rd Street, 2nd Floor
 San Bernardino, CA 92410-1715

Deutsche Bank National Trust Company
 1761 East Saint Andrew Place
 Santa Ana, CA 92705

Re: \$ _____
 San Bernardino Associated Governments
 Limited Obligation Improvement Bonds
 (SANBAG HERO Program – Samas Commercial)
 (First Commercial Property Tranche)

Supplemental Opinion of Bond Counsel

Ladies and Gentlemen :

This opinion is rendered in our capacity as bond counsel for San Bernardino Associated Governments (“SANBAG”) and in conjunction with and pertaining to the proceedings conducted by SANBAG for the levy of assessments and the authorization and in connection with the issuance of the above-identified San Bernardino Associated Governments Limited Obligation Improvement Bonds (SANBAG HERO Program – Samas Commercial) (First Commercial Property Tranche) (the “Bond”), with respect to the SANBAG HERO Program (the “Program”) taken pursuant to the provisions of Chapter 29 of Part 3, Division 7 of the Streets and Highways Code of the State of California (“Chapter 29”) and the sale and delivery of the Bond by SANBAG pursuant to the provisions of Chapter 29, the Improvement Bond Act of 1915 (Division 10 of the Streets and Highways Code of the State of California) (the “Bond Act”), Resolution No. 13-045 adopted by the Board of Directors of SANBAG (the “Board of Directors”) on March 6, 2013 (the “Resolution of Issuance”) and Resolution No. 14-003 adopted by the Board of Directors on October 2, 2013 (the “Supplemental Resolution of Issuance”), the Master Indenture, dated as of _____, 20__ (the “Master Indenture”), by and between SANBAG and Deutsche Bank National Trust Company, as trustee (the “Trustee”) and the Supplemental Indenture, dated as of _____, 20__ (the “Supplemental Indenture”), by and between SANBAG and the Trustee, pertaining to the Bond.

On May 28, 2013 SANBAG filed a judicial validation proceeding pursuant to the provisions of Section 860 *et seq.* of the California Code of Civil Procedure (the “Validation Statute”) in the Superior Court of the County of San Bernardino (the “Superior Court”) entitled *San Bernardino Associated Governments v. All Persons Interested, et al.*, Case No. CIVDS 1305664 (the “Validation Action”) to validate the Program and all proceedings relating to or leading up to the Program, the contractual assessments to be levied by SANBAG and the issuance and sale of limited obligation improvement bonds related thereto. On August 26, 2013, a default judgment was entered in the Validation Action (the “Default Judgment”) in which the Superior Court ordered, judged and decreed, in part, that all proceedings by and for SANBAG in connection with the Program, the contractual assessment agreements, and all proceedings related to or leading up to the issuance of such limited obligation improvement bonds, and all matters related thereto, and the execution and delivery of such limited obligation improvement bonds were and are, legal and binding obligations in accordance with their terms and were and are in conformity with all applicable provisions of all laws and enactments at any time in force or controlling upon such proceedings, whether imposed by law, constitution, statute or ordinance, and whether federal, state or local.

Capitalized terms used herein and not defined herein shall have the meanings given such terms in the Master Indenture or the Supplemental Indenture, as applicable.

As to questions of fact material to our opinion, we have relied upon representations of SANBAG, the certified proceedings and other certifications furnished to the SANBAG or to us, without undertaking to verify the same by independent investigation.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions, including the Default Judgment, and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof.

As used in this opinion, the phrase “current actual knowledge” means knowledge of facts or other information that is in the conscious awareness of lawyers currently in our firm who have performed legal services for SANBAG.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. SANBAG is duly created and validly existing as a joint exercise of powers authority organized and existing under the Constitution and laws of the State of California.
2. SANBAG has full legal power and lawful authority to adopt the Resolution of Issuance and the Supplemental Resolution of Issuance and approve and enter into the Master Indenture and the Supplemental Indenture, and the Resolution of Issuance, the Supplemental Resolution of Issuance, the Master Indenture, the Supplemental Indenture and the Bond was duly approved by the Board of Directors of SANBAG.

3. The execution of the Supplemental Indenture relating to the Bond is authorized and permitted by the terms of the Master Indenture and that all conditions precedent to the execution of the Supplemental Indenture have been met.

4. The Bond has been duly authorized, issued, executed and delivered by SANBAG and constitutes the legal, valid and binding agreement of SANBAG, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles and the exercise of judicial discretion in appropriate cases. The Master Indenture and the Supplemental Indenture have been duly authorized, executed and delivered by SANBAG, and, assuming due authorization, execution and delivery where applicable by the other parties thereto, constitute the legal, valid and binding agreements of SANBAG, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer and other laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by the application of equitable principles and the exercise of judicial discretion in appropriate cases.

5. The Validation Action was duly filed and the Default Judgment duly entered in accordance with all applicable, laws, rules and regulations of the State of California.

6. Notice of the Validation Action was duly made in accordance with the Validation Statute and the order of the Superior Court.

7. The Default Judgment is final and in full force and effect.

8. Pursuant to its terms and the Validation Statute, the Default Judgment is, notwithstanding any other provisions of law, forever binding and conclusive, as to all matters adjudicated or which could have been adjudicated, against all persons interested, and such Default Judgment shall permanently enjoin the institution by any person of any proceeding raising any issue as to which the judgment is binding and conclusive.

9. Each Assessment, as specified in the Supplemental Indenture, has been duly and validly authorized in accordance with the laws of the State of California and a lien to secure payment of such Assessment has been imposed on the Participating Parcel.

10. The lien of Assessment is coequal to and independent of the lien for general taxes, and, except as provided in Government Code Section 53936, not subject to extinguishment by the sale of the property on account of the nonpayment of any taxes, and prior and superior to all liens, claims and encumbrances except: (a) the lien for general taxes or *ad valorem* assessments in the nature of and collected as taxes levied by the State of California, the County of San Bernardino or the city, special district or other local agency, if any, within which the Participating Parcel is located; (b) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of such Assessment; (c) easements constituting servitudes upon or burdens to the applicable Participating Parcel; (d) water rights, the record title to which is held separately from the title to the applicable Participating Parcel; and (e) restrictions of record. The lien of Assessment has the same priority as the lien for general taxes

or *ad valorem* assessments in the nature of and collected as taxes levied by the State of California, the County of San Bernardino or the city, special district or other local agency, if any, within which the Participating Parcel is located.

11. To our actual knowledge, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, or public board or body (except for the Validation Actions) is pending or threatened, in any way affecting the existence of SANBAG or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bond, the application of the proceeds thereof in accordance with the Master Indenture and the Supplemental Indenture, the collection or application of the Assessments pledged or to be pledged to pay the principal of and interest on the Bond, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Assessments, the Bond, the Master Indenture, the Supplemental Indenture, any other applicable agreements, or any action of the SANBAG contemplated by any of those documents, or in any way contesting the powers of the SANBAG or its authority with respect to the Bond, the Master Indenture, the Supplemental Indenture, any other applicable agreements, or any action of the SANBAG contemplated by any of those documents, or which would adversely affect the exemption of interest on the Bond from California personal income taxation; nor to our actual knowledge, is there any basis for any of the foregoing actions.

12. The Program, the Assessment Contracts, the levy of the Assessments and the issuance of the Bond do not violate the prohibition against “impairing the obligation of contracts” as provided in the United States Constitution, Article I, Section 10, clause 1, or the California Constitution, Article I, Section 9, do not constitute a taking of a pre-existing lender’s property and do not constitute a taking of private property without due process of law in violation of the Fifth and Fourteenth Amendments to the United States Constitution or the California Constitution, Article I, Section 19.

13. The Bond is exempt from registration pursuant to the Securities Act of 1933, as amended, and the Master Indenture and the Supplemental Indenture are exempt from qualification under the Trust Indenture of 1939, as amended.

The opinions expressed above do not constitute a guarantee of the outcome of any particular litigation, and there can be no assurance that no action may be taken in federal or state court challenging the constitutionality of Chapter 29 and/or the Bond Act relating to the Bond. Furthermore, given the lack of judicial precedent directly on point, and the novelty of the transactions pertaining to Chapter 29, the Program and/or the Bond, the outcome of any such litigation cannot be predicted with certainty. In the event of any claim and/or action which adversely impacts the rights of the holder of the Bond, costly and time-consuming litigation could ensue, adversely affecting, at least temporarily, the price and liquidity of the Bond.

The opinions set forth herein is intended for the information solely of the addressees hereof and is not to be relied upon by any other person or entity, or for any other purpose, or quoted as a whole or in part, or otherwise referred to, in any document, or to be filed with any governmental or other administrative agency or other person or entity for any purpose without our prior express written consent. We do not undertake to advise you of matters that may come to our attention subsequent to the date hereof that may affect the opinions expressed herein.

Respectfully submitted,

BEST BEST & KRIEGER LLP

EXHIBIT D

OMNIBUS CERTIFICATE OF SANBAG

Purchaser or Assignee, if applicable

Deutsche Bank National Trust Company
 1761 East Saint Andrew Place
 Santa Ana, CA, 92705

Re: \$ _____
 San Bernardino Associated Governments
 Limited Obligation Improvement Bond
 (SANBAG HERO Program – Samas Commercial)
 (First Commercial Property Tranche)
 Series No. _____

The undersigned hereby certifies that he is an Authorized Representative of the San Bernardino Associated Governments (“SANBAG”) and that the undersigned is authorized to execute this Omnibus Certificate of SANBAG on behalf of SANBAG in connection with the issuance of the above-referenced San Bernardino Associated Governments Limited Obligation Improvement Bond (SANBAG HERO Program) (First Commercial Property Tranche – Phase One) (the “Bond”). All capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Master Indenture, dated as of _____ 1, 20__ (the “Master Indenture”), by and between SANBAG and Deutsche Bank National Trust Company, as trustee (the “Trustee”).

1. SANBAG is a joint exercise of powers authority duly organized and existing under the Constitution of the State of California (the “Constitution”) and laws of the State of California (the “State”), and has, and at the Closing Date will have, full legal right, power and authority, for and on behalf of the Member Agencies:

- (a) to adopt the Resolutions of Issuance;
- (b) to enter into the Master Bond Purchase Agreement, dated as of October 2, 2013 (the “Bond Purchase Agreement”), as amended to date, by and between SANBAG and Samas Capital, LLC (“Samas Capital”);
- (c) to enter into the Master Indenture and the Supplemental Indenture, dated as of _____, 20__, (the “Supplemental Indenture”), by and between SANBAG and the Trustee with respect to the Bonds;
- (d) to issue, sell and deliver the Bond to _____, organized and existing under the laws of the State of _____ (“_____”), as provided herein;

(e) to enter into the Assessment Contract for the Participating Parcel as identified in the Supplemental Indenture; and

(f) to carry out and consummate the transactions on its part contemplated by the Bond Purchase Agreement, the Master Indenture, the Supplemental Indenture, the Bond and the Assessment Contract.

The Bond Purchase Agreement, the Master Indenture, the Supplemental Indenture and the Assessment Contract are collectively referred to herein as the “SANBAG Documents.”

2. By all necessary official action of SANBAG, SANBAG has duly authorized and approved the adoption or execution and delivery by SANBAG of, and the performance by the SANBAG of the obligations on its contained in, the Bond, the SANBAG Documents and the Resolutions of Issuance and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. The Bond and, when executed and delivered by the parties thereto, the SANBAG Documents will constitute the legally valid and binding obligations of SANBAG enforceable against SANBAG in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally. SANBAG has complied, and will at the Closing (as such term is defined in the Bond Purchase Agreement be in compliance in all respects, with the obligations on its part to be performed on or prior to the Closing Date under the Bond and the SANBAG Documents.

3. The Board of Directors has duly established the Program pursuant to the Resolution of Formation and Chapter 29. The Board of Directors has duly authorized the issuance and sale of the Bond pursuant to Resolutions of Issuance, adopted by the Board of Directors, the Master Indenture and the Supplemental Indenture.

4. As of the Closing Date, SANBAG is not or will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States of America, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which SANBAG is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have an adverse effect on SANBAG’s ability to perform its obligations under the Bond or the SANBAG Documents; and, as of such times, the authorization, execution and delivery of the Bond and the SANBAG Documents and compliance by SANBAG with the obligations on its part to be performed in each of such agreements or instruments does not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States of America, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which SANBAG (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of

its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the SANBAG Documents.

5. As of the Closing Date there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an “Action”) pending with respect to which SANBAG has been served with process or to the best knowledge of SANBAG threatened, in which any such Action: (i) in any way questions the corporate existence of SANBAG or the titles of the officers of SANBAG to their respective offices; (ii) in any way questions the establishment of the Program or the titles of the Board of Directors of SANBAG; (iii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bond, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bond, or in any way contests or affects the validity of the SANBAG Documents or the consummation of the transactions on the part of SANBAG contemplated thereby, or contests the exclusion of the interest on the Bond from state income taxation or contests the powers of SANBAG, or its authority, to levy and collect the Assessments; and (iv) may result in any material adverse change relating to the financial condition of SANBAG; and as of the time of acceptance hereof and as of the Closing Date, to the knowledge of SANBAG, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

6. The Bond, when issued, executed and delivered in accordance with the Indenture and sold to _____, will be validly issued and an outstanding limited obligation of SANBAG, entitled to the benefits of the Master Indenture and the Supplemental Indenture and the security of the pledge of the proceeds of the levy of the applicable Assessments identified in the Supplemental Indenture. The Indenture creates a valid pledge of the moneys in certain funds and accounts established pursuant to such Indenture, including the investments thereof subject in all cases to the provisions of such Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

7. The Assessment constituting security for the Bond has been duly and lawfully authorized and levied under Chapter 29 and the Constitution and the applicable laws of the State, and pursuant to Chapter 29 such Assessment, when levied, will constitute a valid and legally binding lien on the Participating Parcel upon which it has been levied.

8. All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, or which would constitute a condition precedent to or the absence of which would adversely affect the due performance by SANBAG of its obligations in connection with the SANBAG Documents have been duly obtained or made and are in full force and effect.

9. SANBAG will apply the proceeds of the Bond in accordance with the Master Indenture and the Supplemental Indenture.

Respectfully submitted,

Authorized Representative

Attachment: C14055-02 Amendment No 2 to Master Bond Purchase Agreement-c1 [Revision 1] (2974 : Changes to the Commercial HERO

EXHIBIT E
CERTIFICATE OF TRUSTEE

I, an authorized signer of Deutsche Bank National Trust Company (“Deutsche Bank”), the Trustee under the Master Indenture, dated as of _____ 1, 20__ (the “Master Indenture”), by and between San Bernardino Associated Governments (the “Issuer”) and Deutsche Bank, and the Supplemental Indenture, dated as of _____ 1, 20__ (the “Supplemental Indenture”), by and between the Deutsche Bank, as Trustee and Issuer related to the above-captioned bond (the “Bond”), hereby certify the following information. Capitalized terms used but not defined herein shall have the meanings set forth in the Master Indenture.

(a) Deutsche Bank is a national banking association duly organized, validly existing and in good standing under the laws of the United States and is authorized to execute the Master Indenture and Supplemental Indenture (collectively, the “Transaction Documents”), and accept the trust and perform its obligations under the Transaction Documents.

(b) The individuals listed on the attached Exhibit A are duly authorized to execute the Transaction Documents and are the duly elected and qualified incumbents of the office set forth opposite his or her name.

(c) The Bond is dated the date hereof and provided for by the Transaction Documents have been authenticated by Authorized Officers of Deutsche Bank.

(d) The Bond has, on or before this date, been delivered by Deutsche Bank to or upon the Issuer Order.

IN WITNESS WHEREOF, Deutsche Bank National Trust Company has caused this certificate to be executed in its name by a duly authorized officer, as of _____, 20__.

Deutsche Bank National Trust Company

By _____
Title:

EXHIBIT F
INVESTOR LETTER

[Closing Date]

San Bernardino Associated Governments
1170 W. 3rd Street, 2nd Floor
San Bernardino, California 92410-1715
Attention: Executive Director

Deutsche Bank National Trust Company
c/o DB Services Americas, Inc.
5022 Gate Parkway, Suite 200
Jacksonville, Florida 32256
Attention: Transfer Unit

Re: \$ _____
San Bernardino Associated Governments
Limited Obligation Improvement Bond
(SANBAG HERO Program – Samas Commercial)
(First Commercial Property Tranche)

Ladies and Gentlemen:

The undersigned (the “Investor”) proposes to purchase the above-identified limited obligation improvement bond (the “Bond”) from the San Bernardino Associated Governments (“SANBAG”). Capitalized terms used in this letter and not otherwise defined herein shall have the meanings ascribed to such terms in the Master Indenture, dated as of _____, 20__ (the “Master Indenture”), by and between SANBAG and Deutsche Bank National Trust Company, as trustee (the “Trustee”)

In connection with the sale of the Bond to the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has authority to purchase the Bond and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bond.

2. The Investor is an “accredited investor” under Regulation D of the Securities Act of 1933 and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bond.

3. The Bond is being acquired by the Investor for investment and not for more than one account or with a view for distribution of the Bond, except as provided for in paragraph 8 below. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

4. The Investor understands that the Bond is not registered under the 1933 Act and that such registration is not legally required as of the date hereof; and further understands that the Bond: (a) is not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (b) will not be listed on any stock or other securities exchange; (c) will not carry a rating from any rating service; and (d) will be delivered in a form which may not be readily marketable.

5. The Investor understands that: (a) the Bond is not secured by any pledge of any moneys received or to be received from taxation by the State of California or any political subdivision thereof and that SANBAG has no taxing power; (b) the Bond does not and will not represent or constitute a general obligation or a pledge of the faith and credit of SANBAG, the State of California or any political subdivision thereof; and (c) the liability of SANBAG with respect to the Bond is limited to first priority perfected security interest granted in the applicable Assessment and all other Collateral securing the Bond and all moneys deposited in the Redemption Fund (including the Capitalized Interest Account, the Assessment Collection Account and the Prepayment Account therein) are derived from the issuance of the Bond, the installments of such Assessment or from the prepayment of such Assessment received by SANBAG as set forth in the Indenture.

6. The Investor acknowledges that it has either been supplied with or been given access to such information, to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning SANBAG, the Program, the Assessment Contract, the Assessment, the Participating Parcel, the Master Indenture, the Supplemental Indenture, the Bond and the security therefor and the Side Letter Agreement so that, as a reasonable investor, the Investor has been able to make its decision to purchase the Bond.

7. The Investor has made its own inquiry and analysis with respect to the Bond and the security therefor, and other material factors affecting the security and payment of the Bond. The Investor, with assistance of counsel, has reviewed the Bond, the Master Indenture and the Supplemental Indenture. The Investor acknowledges, consents and agrees to all terms of such documents.

8. The Investor acknowledges that it has the right to sell and transfer the Bond, in accordance with the terms of the Master Indenture and the Supplemental Indenture, subject to the delivery to the Trustee of a letter from the transferee in the form attached to the Master Indenture as Exhibit C, with no material revisions except as may be approved in writing by SANBAG, provided however, the Investor and any successor of the Investor may elect at its own expense to securitize its interest in the Bond, sell the Bond to any entity in connection with such securitization and sell such securities to the investment community without the delivery of an investor letter substantially in the form hereof, provided that (i) any such sale of the Bond is to a Qualified Institutional Buyer, as defined in Rule 144A under the Securities Act of 1933 as amended, or an Accredited Investor, and (ii) the purchaser of the Bond delivers a letter to SANBAG to the effect that it is a Qualified Institutional Buyer or an Accredited Investor and that acknowledges the transfer restrictions set forth in this paragraph 8; no further action or acknowledgment by SANBAG will be required to authorize such securitization or sale of the

Bond by the Investor or a successor to the Investor. Failure to deliver such letter shall cause the purported transfer to be null and void..

9. The Investor acknowledges that it has received a copy of the Side Letter Agreement and agrees and obligates itself to provide a copy of the Side Letter Agreement to any subsequent purchaser or assignee of the Bond.

10. The Investor understands that neither the members, directors, officers, employees or agents of SANBAG, nor any person executing the Bond, the Master Indenture or the Supplemental Indenture, shall be subject to any personal liability or accountability by reason of or in connection with the issuance, offering, execution and delivery of the Bond.

11. The Investor has obtained what it considers adequate information regarding SANBAG, the Program, the Assessment Contract, the Assessment, the Participating Parcel, the Master Indenture, the Supplemental Indenture and the Bond to make an informed investment decision to purchase the Bond. Except as set forth in the Indenture, the Investor acknowledges that SANBAG and its agents, representatives and attorneys are under no duty to provide, and the Investor acknowledges that it is not entitled to receive, (i) any additional information regarding SANBAG, the Program, the Assessment Contract, the Assessment, the Participating Parcel, the Master Indenture, the Supplemental Indenture or the Bond or (ii) an update to the information previously provided by such persons to the Investor; provided, however, that such acknowledgement does not extend to information provided by SANBAG, its agents, representatives and/or attorneys that would have the effect of correcting (a) any untrue statement of a material fact made in the Bond, the Master Indenture or the Supplemental Indenture or in any of the other information provided to the Investor by SANBAG or its agents, representatives or attorneys or (b) any omission of a material fact necessary to make a statement made in such documents not misleading in light of the circumstances under which it was made.

Very truly yours,

By: _____
Authorized Representative

Attachment: C14055-02 Amendment No 2 to Master Bond Purchase Agreement-c1 [Revision 1] (2974 : Changes to the Commercial HERO

GENERAL POLICY COMMITTEE ATTENDANCE RECORD – 2016

Name	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Bill Jahn City of Big Bear Lake	X	X	X	X	X	X	**					
Joel Klink City of Twentynine Palms	X	X	X	X	X		**					
Robert Lovingood Board of Supervisors		X	X	X	X	X	**					
Larry McCallon City of Highland	X			X	X	X	**					
L. Dennis Michael City of Rancho Cucamonga		X		X	X	X	**					
Ryan McEachron City of Victorville		X	X		X	X	**					
Dick Riddell City of Yucaipa	X	X	X	X	X	X	**					
Rhodes “Dusty” Rigsby City of Loma Linda	X	X	X	X	X	X	**					
Janice Rutherford Board of Supervisors	X	X	X	X			**					
James Ramos Board of Supervisors	X	X	X		X		**					
Alan Wapner City of Ontario	X				X	X	**					
Dennis Yates City of Chino	X		X	X	X	X	**					

X =Member attended meeting. Empty box = Member did not attend meeting. Crossed out box = Not a member at the time. ** =The General Policy Committee did not meet this month

Communication: Attendance Record (Additional Information)

San Bernardino Associated Governments (SANBAG) is a council of governments formed in 1973 by joint powers agreement of the cities and the County of San Bernardino. SANBAG is governed by a Board of Directors consisting of a mayor or designated council member from each of the twenty-four cities in San Bernardino County and the five members of the San Bernardino County Board of Supervisors.

In addition to SANBAG, the composition of the SANBAG Board of Directors also serves as the governing board for several separate legal entities listed below:

***The San Bernardino County Transportation Commission**, which is responsible for short and long range transportation planning within San Bernardino County, including coordination and approval of all public mass transit service, approval of all capital development projects for public transit and highway projects, and determination of staging and scheduling of construction relative to all transportation improvement projects in the Transportation Improvement Program.*

***The San Bernardino County Transportation Authority**, which is responsible for administration of the voter-approved half-cent transportation transactions and use tax levied in the County of San Bernardino.*

***The Service Authority for Freeway Emergencies**, which is responsible for the administration and operation of a motorist aid system of call boxes on State freeways and highways within San Bernardino County.*

***The Congestion Management Agency**, which analyzes the performance level of the regional transportation system in a manner which ensures consideration of the impacts from new development and promotes air quality through implementation of strategies in the adopted air quality plans.*

*As a **Subregional Planning Agency**, SANBAG represents the San Bernardino County subregion and assists the Southern California Association of Governments in carrying out its functions as the metropolitan planning organization. SANBAG performs studies and develops consensus relative to regional growth forecasts, regional transportation plans, and mobile source components of the air quality plans.*

Items which appear on the monthly Board of Directors agenda are subjects of one or more of the listed legal authorities. For ease of understanding and timeliness, the agenda items for all of these entities are consolidated on one agenda. Documents contained in the agenda package are clearly marked with the appropriate legal entity.

This list provides information on acronyms commonly used by transportation planning professionals. This information is provided in an effort to assist SANBAG Board Members and partners as they participate in deliberations at SANBAG Board meetings. While a complete list of all acronyms which may arise at any given time is not possible, this list attempts to provide the most commonly-used terms. SANBAG staff makes every effort to minimize use of acronyms to ensure good communication and understanding of complex transportation processes.

AB	Assembly Bill
ACE	Alameda Corridor East
ACT	Association for Commuter Transportation
ADA	Americans with Disabilities Act
ADT	Average Daily Traffic
APTA	American Public Transportation Association
AQMP	Air Quality Management Plan
ARRA	American Recovery and Reinvestment Act
ATMIS	Advanced Transportation Management Information Systems
BAT	Barstow Area Transit
CALACT	California Association for Coordination Transportation
CALCOG	California Association of Councils of Governments
CALSAFE	California Committee for Service Authorities for Freeway Emergencies
CARB	California Air Resources Board
CEQA	California Environmental Quality Act
CMAQ	Congestion Mitigation and Air Quality
CMIA	Corridor Mobility Improvement Account
CMP	Congestion Management Program
CNG	Compressed Natural Gas
COG	Council of Governments
CPUC	California Public Utilities Commission
CSAC	California State Association of Counties
CTA	California Transit Association
CTC	California Transportation Commission
CTC	County Transportation Commission
CTP	Comprehensive Transportation Plan
DBE	Disadvantaged Business Enterprise
DEMO	Federal Demonstration Funds
DOT	Department of Transportation
EA	Environmental Assessment
E&D	Elderly and Disabled
E&H	Elderly and Handicapped
EIR	Environmental Impact Report (California)
EIS	Environmental Impact Statement (Federal)
EPA	Environmental Protection Agency
FHWA	Federal Highway Administration
FSP	Freeway Service Patrol
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
FTIP	Federal Transportation Improvement Program
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
HOV	High-Occupancy Vehicle
ICTC	Interstate Clean Transportation Corridor
IIEP	Inland Empire Economic Partnership
ISTEA	Intermodal Surface Transportation Efficiency Act of 1991
IIP/ITIP	Interregional Transportation Improvement Program
ITS	Intelligent Transportation Systems
IVDA	Inland Valley Development Agency
JARC	Job Access Reverse Commute
LACMTA	Los Angeles County Metropolitan Transportation Authority
LNG	Liquefied Natural Gas
LTF	Local Transportation Funds

MAGLEV	Magnetic Levitation
MARTA	Mountain Area Regional Transportation Authority
MBTA	Morongo Basin Transit Authority
MDAB	Mojave Desert Air Basin
MDAQMD	Mojave Desert Air Quality Management District
MOU	Memorandum of Understanding
MPO	Metropolitan Planning Organization
MSRC	Mobile Source Air Pollution Reduction Review Committee
NAT	Needles Area Transit
NEPA	National Environmental Policy Act
OA	Obligation Authority
OCTA	Orange County Transportation Authority
PA&ED	Project Approval and Environmental Document
PASTACC	Public and Specialized Transportation Advisory and Coordinating Council
PDT	Project Development Team
PNRS	Projects of National and Regional Significance
PPM	Planning, Programming and Monitoring Funds
PSE	Plans, Specifications and Estimates
PSR	Project Study Report
PTA	Public Transportation Account
PTC	Positive Train Control
PTMISEA	Public Transportation Modernization, Improvement and Service Enhancement Account
RCTC	Riverside County Transportation Commission
RDA	Redevelopment Agency
RFP	Request for Proposal
RIP	Regional Improvement Program
RSTIS	Regionally Significant Transportation Investment Study
RTIP	Regional Transportation Improvement Program
RTP	Regional Transportation Plan
RTPA	Regional Transportation Planning Agencies
SB	Senate Bill
SAFE	Service Authority for Freeway Emergencies
SAFETEA-LU	Safe Accountable Flexible Efficient Transportation Equity Act – A Legacy for Users
SCAB	South Coast Air Basin
SCAG	Southern California Association of Governments
SCAQMD	South Coast Air Quality Management District
SCRRA	Southern California Regional Rail Authority
SHA	State Highway Account
SHOPP	State Highway Operations and Protection Program
SOV	Single-Occupant Vehicle
S RTP	Short Range Transit Plan
STAF	State Transit Assistance Funds
STIP	State Transportation Improvement Program
STP	Surface Transportation Program
TAC	Technical Advisory Committee
TCIF	Trade Corridor Improvement Fund
TCM	Transportation Control Measure
TCRP	Traffic Congestion Relief Program
TDA	Transportation Development Act
TEA	Transportation Enhancement Activities
TEA-21	Transportation Equity Act for the 21 st Century
TMC	Transportation Management Center
TMEE	Traffic Management and Environmental Enhancement
TSM	Transportation Systems Management
TSSDRA	Transit System Safety, Security and Disaster Response Account
USFWS	United States Fish and Wildlife Service
VCTC	Ventura County Transportation Commission
VVTA	Victor Valley Transit Authority
WRCOG	Western Riverside Council of Governments

San Bernardino Associated Governments



MISSION STATEMENT

To enhance the quality of life for all residents, San Bernardino Associated Governments (SANBAG) will:

- Improve cooperative regional planning
- Develop an accessible, efficient, multi-modal transportation system
- Strengthen economic development efforts
- Exert leadership in creative problem solving

To successfully accomplish this mission, SANBAG will foster enhanced relationships among all of its stakeholders while adding to the value of local governments.

Approved June 2, 1993
Reaffirmed March 6, 1996