CITY OF HUGHSON
CITY COUNCIL MEETING
CITY HALL COUNCIL CHAMBERS
7018 Pine Street, Hughson, CA

AGENDA
MONDAY, OCTOBER 10, 2016 – 7:00 P.M.

CALL TO ORDER: Mayor Matt Beekman

ROLL CALL:
Mayor Matt Beekman
Mayor Pro Tem Jeramy Young
Councilmember Jill Silva
Councilmember George Carr
Councilmember Harold Hill

FLAG SALUTE: Mayor Matt Beekman

INVOCATION: Hughson Ministerial Association

RULES FOR ADDRESSING CITY COUNCIL

Members of the audience who wish to address the City Council are requested to complete one of the forms located on the table at the entrance of the Council Chambers and submit it to the City Clerk. **Filling out the card is voluntary.**

1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):

Members of the audience may address the City Council on any item of interest to the public pertaining to the City and may step to the podium, state their name and city of residence for the record (requirement of name and city of residence is optional) and make their presentation. Please limit presentations to five minutes. Since the City Council cannot take action on matters not on the agenda, unless the action is authorized by Section 54954.2 of the Government Code, items of concern, which are not urgent in nature can be resolved more expeditiously by completing and submitting to the City Clerk a “Citizen Request Form” which may be obtained from the City Clerk.

2. PRESENTATIONS:

2.1: Stanislaus Council of Governments (StanCOG) FY 2017/2018 Unmet Transit Needs Public Hearing Schedule.

2.2: Stanislaus Animal Services Agency Annual Report Presentation.

3. CONSENT CALENDAR:

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council unless otherwise requested by an individual Councilmember for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

3.1: Approve the Minutes of the Regular Meeting of September 26, 2016.

3.2: Approve the Warrants Register.

3.3: Approval of the Agricultural Lease Agreement with Mid Valley Nut Company (dba The B.A.M. Limited Partnership) for City Property Located on Leedom Road (Lower Ponds) near the Waste Water Treatment Facility.

3.4: Adopt Resolution No. 2016-34, Concurring with the Consolidated Annual Performance Evaluation Report (CAPER) for Fiscal Year 2015-2016.

3.5: Consideration of Resolution No. 2016-35, Amendment and Biennial Review of the City of Hughson's Conflict of Interest Code.

3.6: Consideration to Accept the Cash Donation by 20th Century Club for the Hughson National Night Out and Hughson Concert Series.

4. UNFINISHED BUSINESS: NONE.

5. PUBLIC HEARING TO CONSIDER THE FOLLOWING: NONE.

6. NEW BUSINESS:

6.1: Consideration to Authorize City Staff to Release Bid Documents for the Fox Road Sidewalk Infill Project.

7. CORRESPONDENCE: NONE.

8. COMMENTS:

8.1: Staff Reports and Comments: (Information Only – No Action)

City Manager:

City Clerk:

Community Development Director:

Director of Finance:

Police Services:

City Attorney:

8.2: Council Comments: (Information Only – No Action)

8.3: Mayor's Comments: (Information Only – No Action)

9. CLOSED SESSION TO DISCUSS THE FOLLOWING: NONE.

ADJOURNMENT:

WAIVER WARNING

If you challenge a decision/direction of the City Council in court, you may be limited to raising only those issues you or someone else raised at a public hearing(s) described in this Agenda, or in written correspondence delivered to the City of Hughson at or prior to, the public hearing(s).

UPCOMING EVENTS:

October 12	▪ City/Fire 2+2 Committee, Hughson Fire Protection District, 5:30 P.M.
October 18	▪ Planning Commission Meeting, City Hall Chambers, 6:00 P.M.
October 22	▪ Sierra Vista Southeast Stanislaus Advisory Board Harvest Celebration, The Rogers Family Center, St. Anthony's Church, 6:00 P.M.
October 24	▪ City Council Meeting, City Hall Chambers, 7:00 P.M.
October 24	▪ Economic Development Committee, City Hall Chambers, 5:30 P.M.
October 31	▪ Trunk or Tent and Treat Event @ Lebright Fields, 5:00 P.M. – 8:00 P.M.

AFFIDAVIT OF POSTING

DATE: October 6 , 2016 **TIME:** 5:00 pm

NAME: Susana Diaz **TITLE:** Deputy City Clerk

AMERICANS WITH DISABILITIES ACT/CALIFORNIA BROWN ACT
NOTIFICATION FOR THE CITY OF HUGHSON

This Agenda shall be made available upon request in alternative formats to persons with a disability; as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132) and the Ralph M. Brown Act (California Government Code Section 54954.2).

Disabled or Special needs Accommodation: In compliance with the Americans with Disabilities Act, persons requesting a disability related modification or accommodation in order to participate in the meeting and/or if you need assistance to attend or participate in a City Council meeting, please contact the City Clerk's office at (209) 883-4054. Notification at least 48-hours prior to the meeting will assist the City Clerk in assuring that reasonable accommodations are made to provide accessibility to the meeting.

Notice Regarding Non-English Speakers:

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the City of Hughson City Council shall be in English and anyone wishing to address the Council is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

General Information: The Hughson City Council meets in the Council Chambers on the second and fourth Mondays of each month at 7:00 p.m., unless otherwise noticed.

Council Agendas: The City Council agenda is now available for public review at the City's website at www.hughson.org and City Clerk's Office, 7018 Pine Street, Hughson, California on the Friday, prior to the scheduled meeting. Copies and/or subscriptions can be purchased for a nominal fee through the City Clerk's Office.

Questions: Contact the City Clerk at (209) 883-4054

PUBLIC TRANSIT HEARINGS

Does public transit meet your needs? Share your transit ideas with us at a public hearing listed below!

WEDNESDAY, OCTOBER 19, 2016 **6:00PM** StanCOG Policy Board 1111 I Street, Suite 308 Modesto, CA, 95354
THURSDAY, NOVEMBER 10, 2016 **6:00PM-7:00 PM** Gene Bianchi Community Center 110 S. 2nd Avenue Oakdale, CA, 95361
WEDNESDAY, JANUARY 11, 2017 **6:00PM-7:00PM** Hammon Senior Center 1033 W. Las Palmas Patterson, CA, 95363

Spanish translation services will be provided

Submit comments/questions to:

Stephen Hanamaikai, Associate Planner
shanamaikai@stancog.org
1111 I Street, Suite 308
Modesto, CA 95354
(209) 525-4646

StanCOG
Stanislaus Council of Governments

www.StanCOG.org/Unmet-Transit-Needs.shtm

AUDIENCIAS AL PÚBLICAS
DE TRANSPORTE PÚBLICO

¿Cubrimos sus necesidades de transporte?

¡Comparta sus ideas de transporte público con nosotros en una de nuestras audenicias públicas! Las audiencias públicas se enumeran a continuacion.

MIÉRCOLES, OCTUBRE DE 19 DEL 2016
6:00PM
Reunión del Comité de Políticas Salón de Directorio del StanCOG
1111 I Street, Suite 308
Modesto, CA, 95354

JUEVES, NOVIEMBRE DE 10 DEL 2016
6PM-7PM
Centro Comunitario Gene Bianchi
110 S. 2nd Avenue
Oakdale, CA, 95361

MIÉRCOLES, ENERO DE 11 DEL 2017
6PM-7PM
Centro para Tercera Edad Hammon
1033 W. Las Palmas
Patterson, CA, 95363

Se ofrecerá servicio de traducción al español

Háganos llegar sus comentarios/preguntas a:

Stephen Hanamaikai, Associate Planner
shanamaikai@stancog.org
1111 I Street, Suite 308
Modesto, CA 95354
(209) 525-4646

StanCOG
Stanislaus Council of Governments

www.StanCOG.org/Unmet-Transit-Needs.shtm

CITY OF HUGHSON AGENDA ITEM NO. 3.1
SECTION 3: CONSENT CALENDAR

Meeting Date: **September 26, 2016**
Subject: **Approval of the City Council Minutes**
Presented By: **Susana Diaz, Deputy City Clerk**

Approved By: _____

Staff Recommendation:

Approve the Minutes of the Regular Meeting of September 26, 2016

Background and Overview:

The draft minutes of the September 26, 2016 meeting are prepared for the Council's review.

Any documents produced by the City and distributed to a majority of the City Council regarding any item on this Agenda will be made available at the City Clerk's counter at City Hall located at 7018 Pine Street, Hughson, CA.

CITY OF HUGHSON
CITY COUNCIL MEETING
CITY HALL COUNCIL CHAMBERS
7018 Pine Street, Hughson, CA

MINUTES
MONDAY, SEPTEMBER 26, 2016 – 7:00 P.M.

CALL TO ORDER: Mayor Matt Beekman

ROLL CALL:

Present: Mayor Matt Beekman
Mayor Pro Tem Jeramy Young
Councilmember George Carr
Councilmember Harold Hill
Councilmember Jill Silva

Absent:

Staff Present: Raul L. Mendez, City Manager
Susana Diaz, Deputy City Clerk
Daniel J. Schroeder, City Attorney
Jaylen French, Community Development Director
Deputy Dennis Wallace, Police Services
Shannon Esenwein, Finance Director
Lisa Whiteside, Finance Manager
Sam Rush, Public Works Superintendent

FLAG SALUTE: Mayor Matt Beekman

INVOCATION: Hughson Ministerial Association

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1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):

No public comment.

2. PRESENTATIONS:

2.1: SED Phase 1 - Turlock Irrigation District Presentation.

Turlock Irrigation District representative Herb Smart made a presentation to the City Council regarding the State Water Resource Control Board's proposal to require the release of 40% of unimpaired flows on the Stanislaus, Tuolumne, and Merced Rivers.

3. CONSENT CALENDAR:

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council unless otherwise requested by an individual Councilmember for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

3.1: Approve the Minutes of the Regular Meeting of September 12, 2016.

3.2: Approve the Warrants Register.

3.3: Approve the Treasurer's Report for June 2016.

3.4: Approval of the Treasurer's Report: Investment Portfolio Report – June 2016.

3.5: Approval to Permit Alcohol at the Italian Nite Dinner Event.

3.6: Approval of the Fiscal Year 2016-2017 Memorandum of Understanding with Opportunity Stanislaus.

3.7: A Proclamation Declaring October 16-22, 2016 As "Freedom From Workplace Bullies Week".

3.8: Consideration of Resolution No. 2016-32, A Resolution of the City Council of the City of Hughson Opposing the State Water Resources Control Board's Proposal to Require the Release of 40% of Unimpaired Flows on the Stanislaus, Tuolumne, and Merced Rivers.

BEEKMAN/YOUNG 5-0 motion passes to approve the Consent Calendar as presented.

4. UNFINISHED BUSINESS:

4.1: Adoption of the Hughson Fiscal Year 2016-2017 Final Budget.

Director of Finance Esenwein presented the staff report on this item.

CARR/SILVA 5-0 motion passes to approve the Fiscal Year 2016-2017 Final Budget.

4.2: Discussion and direction on the Agricultural Lease Agreement with Mid Valley Nut Company for City property located on Leedom Road (Lower Ponds) near the Waste Water Treatment Facility**.**

City Manager Mendez presented the staff report on this item.

Mayor Beekman recused himself due to conflict of interest; he exited the Council Chambers at 7:32 P.M. and returned to the Council Chambers at 7:53P.M.

HILL/YOUNG 3-1-1 motion passes authorizing the City Manager to complete negotiations with Mid Valley Nut Company for the lease of City property located on Leedom Road with a lease rate of $175 per acre for the first five (5) years and payment deferred until the sixth (6) year of the lease, plus 20% of gross proceeds for years 6 through 30 from the planted walnut orchard; and to quantify the number of farmable acres for the term of the lease.

5. PUBLIC HEARING TO CONSIDER THE FOLLOWING: NONE.

6. NEW BUSINESS: NONE.

7. CORRESPONDENCE: No action was taken on these items.

7.1: Letter from Barbara Swier.

8. COMMENTS:

8.1: Staff Reports and Comments: (Information Only – No Action)

City Manager:

City Manager Mendez provided the Council with a recap of the Hughson Concert Series events that took place on September 15, 2016 in downtown Hughson and on the 17th at Starn Park.

Councilmember Carr and City Manager Mendez attended the annual Hearts of Children Gala fundraising event for Sierra Vista Child and Family Services. Sierra Vista Child and Family Services will be expanding their services to the

Denair, Waterford, Empire and Hickman areas.

October 5-7, 2016, Mayor Pro Tem Young and City Manager Mendez will be attending the League of California Cities Annual Conference in Long Beach, CA.

On October 22, 2016, Sierra Vista Southeast Stanislaus Advisory Board will be holding its annual Harvest Celebration at St. Anthony's Catholic Church. Tickets are available for purchase.

City Manager Mendez will be hosting Ms. Hampton's third grade class at City Hall. Mr. Mendez will be speaking to the third grade class regarding local government.

Community Development Director: **Director French updated the Council on the Starn Park Basketball Court project. A section of the court needed to be replaced and should be complete within the next couple of weeks.**

The City received a vesting tentative subdivision map application for a project along Euclid Avenue for a five (5) acre development.

The City purchased and received a new lift truck, replacing the 26-year old former lift truck.

Director of Finance: **Director Esenwein advised the Council that Finance staff is receiving quotes for medical insurance to switch from the San Joaquin Valley Insurance Authority.**

The auditors completed the City audit on Friday, September 23, 2016.

The Financial Management System Request for Proposal will be ready in mid-October.

Police Services: **Deputy Dennis Wallace provided the City Council with the latest Crime Statistic Report.**

City Attorney: **Reminded Council that he will be absent for the upcoming meeting on October 10, 2016, Deputy City Attorney Monica Streeter will be present in his absence.**

8.2: Council Comments: (Information Only – No Action)

Councilmember Carr noted that the annual Tent/Trunk or Treat Celebration will be upcoming on October 31, 2016, at Lebright Park. Councilmember Carr attended the Farmers' Market Jr. Chef's program. He also attended the Concert Series at Starn Park and the Sierra Vista Hearts of Children Gala.

Councilmember Silva said she attended the StanCOG Policy Board meeting.

Councilmember Hill said he attended the Hughson Economic Development Committee meeting.

Mayor Pro Tem Young said he attended the Concert Series. The retooled Farmers' Market turned out to be a tremendous success. He attended the League of California Cities Central Valley Division meeting and the Hughson Economic Development Committee meeting.

8.3: Mayor's Comments: (Information Only – No Action)

Mayor Beekman noted that he attended the Hughson Economic Development Committee meeting.

9. CLOSED SESSION TO DISCUSS THE FOLLOWING: NONE.

10. REPORT FROM CLOSED SESSION: NONE.

ADJOURNMENT:

SILVA/BEEKMAN 5-0 motion passes to adjourn the meeting at 8:15 P.M.

MATT BEEKMAN, Mayor

SUSANA DIAZ, Deputy City Clerk

CITY OF HUGHSON AGENDA ITEM NO. 3.2
SECTION 3: CONSENT CALENDAR

Meeting Date: **October 10, 2016**
Subject: **Approval of Warrants Register**
Enclosure: **Warrants Register**
Presented By: **Shannon Esenwein, Director of Finance**

Approved By: _____

Staff Recommendation:

Approve the Warrants Register as presented.

Background and Overview:

The warrants register presented to the City Council is a listing of all expenditures paid from September 27, 2016 through October 3, 2016.

Fiscal Impact:

There are reductions in various funds for payment of expenses.

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Check Numbe	Check Date	Vendor Number	Name	Net Amount	Payment Information Invoice #	Description
48386	9/27/2016	AFL01	AFLAC	$ 770.27	70114	AFLAC
				$ 813.57	207988	AFLAC
			Check Total:	$ 1,583.84		
48387	9/27/2016	FIK01	FIKEYS, RYAN	$ 240.00	B60927	CONCERT SERIES
48388	10/3/2016	A&A00	A&A PORTABLES, INC	$ 673.92	1-659569	LEBRIGHT PORTABLES
				$ 663.62	1-661357	PORTABLES AT LEBRIGHT
			Check Total:	$ 1,337.54		
48389	10/3/2016	AFL01	AFLAC	$ 796.67	B60928	AFLAC
48390	10/3/2016	ALL07	ALLEY INSURANCE SERVICE,	$ 592.00	1022	HEALTH PLAN CONSULTING 10/16
48391	10/3/2016	CHA01	CHARTER COMMUNICATION	$ 191.81	B60928	IP ADDRESS-PINE ST
48392	10/3/2016	EWI00	EWING IRRIGATION PRODUCTS	$ 1,922.69	2121430	IRRIGATION SUPPLIES & SEED REQ. FOR PARKS DEPT
48393	10/3/2016	EZN00	EZ NETWORK SOLUTIONS	$ 2,567.95	TS31948	IT SERVICES FOR OCTOBER
48394	10/3/2016	FRA03	FRANTZ WHOLESALE NURSERY	$ 241.08	548924	RESEED LAWNS @ STARN PARK AFTER B.B. COURT INSTALL
48395	10/3/2016	GUT12	GUTIERREZ, NICOLE	$ 100.00	B60928	DAMAGE DEPOSIT-PARK
48396	10/3/2016	HUG11	HUGHSON FARM SUPPLY	$ 51.62	H190763	MISC. TOOLS & SUPPLIES
				$ 64.46	H191020	MISC. TOOLS & SUPPLIES
				$ 35.45	H191221	MISC. TOOLS & SUPPLIES
			Check Total:	$ 151.53		
48397	10/3/2016	HUG14	HUGHSON CHAMBER OF	$ 206.03	B60928	REIMBURSEMENT FOR ABC LICENSE-CONCERT SERIES 9/15
48398	10/3/2016	HUG34	VALLEY PARTS WAREHOUSE, I	$ 9.35	183756	SMALL MATERIAL NEEDED FOR VEHIC. MAINT. & REPAIR
				$ 8.47	184475	SMALL MATERIAL NEEDED FOR VEHIC. MAINT & REPAIR
				$ 4.50	184476	SMALL MATERIAL NEEDED FOR VEHIC. MAINT. & REPAIR
				$ 23.24	184723	SMALL MATERIAL NEEDED FOR VEHIC. MAINT & REPAIR
			Check Total:	$ 45.56		
48399	10/3/2016	JAI00	JAIME, LETICIA	$ 100.00	B60928	DAMAGE DEPOSIT-PARK
48400	10/3/2016	MAI00	MAIN STREET DELI & BAKERY	$ 76.65	B60928	EDC MEETING 9/27/16
48401	10/3/2016	NOB00	NOBLES, NICOLE	$ 100.00	B60928	DAMAGE DEPOSIT-PARK
48402	10/3/2016	NOR06	NORTHSTAR CHEMICAL	$ 1,393.08	92523	CHLORINE FOR THE WELLS
				$ 234.04	92524	CHLORINE FOR THE WELLS
				$ 234.04	92525	CHLORINE FOR THE WELLS
			Check Total:	$ 1,861.16		
48403	10/3/2016	PIZ01	PIZZA FACTORY	$ 74.54	B60928	EDC MEETING 9/12/16
48404	10/3/2016	RAY06	RAY A. MORGAN COMPANY	$ 1,207.84	1357132	COPIER LEASE
48405	10/3/2016	RUS01	RUSH, SAM	$ 136.68	B60928	MILEAGE REIM. FOR STATE

							EXAM & FOR MEALS
48406	10/3/2016	SAF01	SAFETLITE	$	125.92	324851	WATER FILLED K RAIL NEEDED FOR FRUIT & NUT FEST.
				$	47.03	325470	REPLACEMENT STREET SIGN

			Check Total:	$	172.95		
48407	10/3/2016	STA02	STAPLES	$	73.40	B60928	OFFICE SUPPLIES
48408	10/3/2016	STA42	STANISLAUS COUNTY	$	1,190.00	R16407688	16-17 2ND QUARTER DEBT SERVICE
				$	5,315.00	R16407689	16-17 2ND QUARTER OPERATION COST

			Check Total:	$	6,505.00		
48409	10/3/2016	TID01	TURLOCK IRRIGATION DIST.	$	352.16	B60928	ELECTRIC
48410	10/3/2016	VAS04	VASQUEZ, JOSE	$	76.68	B60928	MILEAGE REIMB. FOR STATE EXAM TAKEN
48411	10/3/2016	WAR00	WARDEN'S OFFICE	$	(17.81)	1904322-0C	CREDIT FOR OFFICE SUPPLIES RETURNED
				$	27.00	1905750-1	OFFICE SUPPLIES
				$	8.42	1906461-0	OFFICE SUPPLIES
				$	429.48	1909120-0	OFFICE SUPPLIES
				$	21.50	1909120-1	OFFICE SUPPLIES
				$	165.10	1909481-0	OFFICE SUPPLIES

			Check Total:	$	633.69		
48412	10/3/2016	\B013	DAN BRUINGTON	$	99.81	000B60901	MQ CUSTOMER REFUND FOR BRU0004
48413	10/3/2016	\P002	DEBRA J PETERSON	$	142.51	000B60901	MQ CUSTOMER REFUND FOR PET0006
48414	10/3/2016	\Z004	CHENGYING ZHOU	$	106.92	000B60901	MQ CUSTOMER REFUND FOR ZHO0001
48415	10/3/2016	\Z005	DOLORES ZYLSTRA	$	25.81	000B60901	MQ CUSTOMER REFUND FOR ZYL0003
48416	10/3/2016	ALL04	ALLIANCE	$	5,000.00	B61003	FY 2016-2017 MOU AGREEMENT
48417	10/3/2016	AND02	ANDREWS ELECTRIC	$	8,255.89	79049	REBUILT SUBMERSIBLE MIXER PARTS & LABOR
48418	10/3/2016	ATT02	AT&T MOBILITY	$	191.74	B61003	PHONE
48419	10/3/2016	AVA00	AVAYA, INC	$	94.73	733748769	PHONE
48420	10/3/2016	CCA02	CCAC	$	40.00	B61003	TRAINING (TRAVEL/MEETINGS) 10/26/2016
48421	10/3/2016	EMP01	STATE OF CALIFORNIA	$	1,292.99	B61003	PAYROLL TAXES 9/15/16
				$	1,290.35	B61004	PAYROL TAXES 9/30/16

			Check Total:	$	2,583.34		
48422	10/3/2016	HAR02	THE HARTFORD	$	408.76	B61003	DEFERRED COMPENSATION
				$	408.76	B61004	DEFERRED COMPENSATION

			Check Total:	$	817.52		
48423	10/3/2016	NEU01	NEUMILLER & BEARDSLEE	$	1,600.00	280148	LEGAL SVCS FOR AUGUST
				$	8,130.90	280149	LEGAL SERVICES FOR AUGUST

			Check Total:	$	9,730.90		
48424	10/3/2016	PGE01	PG & E	$	107.45	B61003	UTILITIES
48425	10/3/2016	VOID	VOID				

48426	10/3/2016	UNI07	UNITED WAY OF STANISLAUS	$ 29.00	B61003	UNITED WAY
				$ 29.00	B61004	UNITED WAY
			Check Total:	$ 58.00		
48427	10/3/2016	WIL01	CORBIN WILLITS SYSTEM	$ 571.40	B609151	ENHANCEMENT & SERVICE FEE
			Cash Account Total:	$ 49,173.47		
			Total Disbursements:	$ 49,173.47		

CITY COUNCIL AGENDA ITEM NO. 3.3
SECTION 3: CONSENT CALENDAR

Meeting Date: **October 10, 2016**
Subject: **Approval of the Agricultural Lease Agreement with Mid Valley Nut Company (dba The B.A.M. Limited Partnership) for City Property Located on Leedom Road (Lower Ponds) near the Waste Water Treatment Facility**
Presented By: **Raul L. Mendez, City Manager**

Approved By: _____

Staff Recommendation:

1. Approve the agricultural lease agreement with Mid Valley Nut Company (dba The B.A.M. Limited Partnership) for City property located on Leedom Road (Lower Ponds) near the Waste Water Treatment Facility.

2. Authorize the City Manager to sign the agricultural lease agreement with Mid Valley Nut Company (dba The B.A.M. Limited Partnership) inclusive of any final edits by the City Attorney.

Background and Overview:

On July 25, 2016, the Hughson City Council awarded the Request for Proposals for reuse of City Property located on Leedom Road (Lower Ponds) near the Waste Water Treatment Facility to Mid Valley Nut Company. At that time, City staff was directed to negotiate an agricultural lease agreement with Mid Valley Nut Company for the subject property of approximately 35 acres.

This action was done after necessary work was completed by the City, based on prior City Council direction, to explore reuse options for the underutilized subject property with the goal of maximizing revenue generation potential. A large component of the work completed included an environmental assessment conducted by Condor Earth Technologies to best determine any restrictions with the property that may limit future use and to identify any associated mitigation that may be necessary. With the exception of the small portion of the property that was used as a landfill and gun range (and would remain restricted), the balance of the acreage was available for reuse.

Agricultural Lease Agreement

Following City Council approval, the City Attorney began crafting two associated documents for execution—1) an access license agreement that would allow Mid Valley Nut Company to do some preliminary inspection and testing of the property to determine its suitability for agricultural purposes; and 2) an agricultural lease for the property consistent with the terms and conditions of the proposal submitted and negotiated.

Since Council approval, City staff has been working with the City Attorney to complete the necessary legal documents (access license agreement and agricultural lease). An Access License Agreement was executed on August 5, 2016 and City staff has made necessary arrangements to provide access to Mr. Casazza to assess the property for suitability. Additionally, a draft agricultural lease agreement was prepared that captured the various elements of the submitted proposal. During the preparation of the lease agreement, the City Attorney determined that a provision to allow for the purchase of the property at the conclusion of the term, as requested by Mr. Casazza, was not possible since the City, as a public agency, is subject to the State of California's surplus property rules. With only that provision as the exception, the other major elements described in the Request for Proposals or Mid Valley Nut Proposal were incorporated into the draft and summarized below:

- Lessee: Mid Valley Nut Company dba The B.A.M. Limited Partnership.
- Term: Period of 30 years, commencing on October 1, 2016 and will terminate after crops are harvested in the year 2046, but no later than December 31, 2046 unless terminated earlier as provided in the Lease.
- ***Annual Cash Rent: $350 per farmable acre annually during the initial five years. Total farmable acreage to be determined.***
- Percentage Cash Rent: Commencing in 2021, and continuing until the termination of the Lease, the greater of an amount equal to 20% of the walnut crops produced and proceeds received from crop insurance and the annual cash rent.
- Cost of Orchard Development/Operation: Sole cost of the Lessee.
- Restrictions and Access: The restricted area on the property identified (landfill and gun range) and language that allows the City to access existing and install new monitoring wells as required by the State of California.

On September 8, 2016, City staff met with Mr. Casazza to discuss the draft agricultural lease agreement as prepared by the City Attorney. Mr. Casazza shared a few items of concern but most notably, from his perspective, the inability to incorporate a provision that would allow him to purchase the property at the conclusion of the term. Based on his evaluation of the site, the restricted areas and other limitations, and the significant initial cost of orchard development, he was concerned that there would be considerable investment made on his part to get the orchard developed and operational without the ability to purchase the property at the conclusion of the lease. According to Mr. Casazza, the absence of the purchase option makes it a less desirable project to undertake given the associated costs and risk. As such, Mr. Casazza requested consideration of

removing the annual cash rent component in the initial years based on the recognition that significant investment will be required at his expense to develop the orchard and make it operational.

On September 12, 2016, the City Council considered the request by Mr. Casazza to remove the annual cash rent component in the initial years from his reuse proposal for the City property located on Leedom Road (the Lower Ponds). City staff shared their conversation with Mr. Casazza, reviewed the RFP process and did a comparison of the revised proposal to the others previously submitted. City staff ascertained that the revised Casazza proposal was still the most viable and the City Attorney clarified the latitude provided to the Council through the RFP process versus a Bid process.

After considerable discussion, the City Council directed City staff to meet with Mr. Casazza again to determine if he would consider a modification to his proposal, and the initial annual cash rent component, that is more consistent with his original submission. On September 16, 2016, City staff met with Mr. Casazza to discuss City Council direction on the draft agricultural lease agreement and his specific request on the initial annual cash rent component. City staff shared some possible middle ground with Mr. Casazza and ultimately he proposed and was agreeable to providing annual cash rent of $175 per farmable acre over five years that would commence in year six or when the walnut orchard was expected to be operational.

On September 26, 2016, the City Council approved (3-1-1), the revised terms of the agreement in concept as requested by Mr. Casazza and directed City staff to finalize the said agricultural lease agreement.

- ***Annual Cash Rent: $175 per farmable acre annually in 2021-2025 in addition to the Percentage Cash Rent (20%) in 2021-2046.***

Additionally, the City Council directed City staff to clarify in the agreement the usable acres for purposes of the farmable acre calculation. City staff worked with the City Attorney to incorporate this elements in the draft agricultural lease agreement in order to finalize. The final copy of the agricultural lease agreement has been provided to Mr. Casazza for his final review and approval. Following City Council approval of this item, City staff will fully execute the agreement inclusive of any final edits by the City Attorney. Mr. Casazza anticipates beginning the walnut orchard development shortly thereafter with the goal of planting trees for the next harvest season.

Fiscal Impact:

The revised Mid Valley Nut Company (dba The B.A.M. Limited Partnership) proposal incorporated, after the walnut orchard is developed, an annual cash rent element that would pay the City $175 per farmable acre annually from 2021-2025 ($25,000 estimated) and approximately 20% of the proceeds from the walnut crops from 2021-2046 ($810,000 estimated).

WALNUT ORCHARD DEVELOPMENT AND OPERATION LEASE

SECTION I. PARTIES

Section 1.1 Parties. This walnut Orchard Development And Operation Lease ("**Lease**") is made and effective _____ __, 2016 by and between CITY OF HUGHSON, a municipal California corporation, ("**Lessor** ") and B.A.M. LIMITED PARTNERSHIP, a California limited partnership ("**Lessee**") who agree as follows:

SECTION II. BACKGROUND

Section 2.1 Property Description. Lessor is the owner of certain real property located in Stanislaus County, California along the south bank of the Tuolumne River, abutting the north side of Leedom Road, west of Charles Street, commonly known as Assessor's Parcel Number 009-026-031 and 009-026-032 (collectively, "**Site**"). APN 009-026-031 consists of approximately 11.48 acres of unimproved land; APN 009-026-032 consists of approximately 25.2 acres of unimproved land. Historically, the Site was used by Lessor for a variety of municipal purposes, including, without limitation, water treatment, landfill, and as a gun range. Only a portion of the Site (as depicted in the attached **Exhibit "A"**), consisting of approximately 31.5 acres, is subject to the terms of this Lease (referred to herein as the "**Land**"). The Term "**Property**" as used in this Lease shall mean the Land and the Improvements (as such term is defined below).

Section 2.2 Objective. Lessee operates a farming business and is experienced in the development and operation of walnut orchards. Pursuant to the terms and conditions contained in this Lease, Lessee at its sole cost will: (i) develop the Land as a walnut orchard, and (ii) thereafter farm and operate the Property. Lessor and Lessee desire to enter into this Lease to set forth their respective rights and obligations regarding the development and operation of the walnut orchard on the Land.

SECTION III. PROPERTY

Section 3.1 Description. Lessor hereby leases to Lessee and Lessee leases from Lessor the Land together with all appurtenances and improvements thereon, including but not limited to all irrigation facilities, pipelines, utilities, and other improvements, now existing or located on the Land (which appurtenances and improvements are referred to generically in this Lease as the "**Improvements**").

Section 3.2 Oil, Gas and Mineral Rights. All rights in all minerals, oil, gas and other hydrocarbons located on or under the Land which have not previously been conveyed are reserved to Lessor and are excluded from the Property covered by the terms of this Lease. In the exercise of those reserved rights, Lessor and its agents and licensees shall have a right to enter onto the surface of the Property for the purpose of exploring, drilling, extracting or mining of any minerals, oil or gas, so long as it does not inhibit the

farming of more than one (1) acre on the Property. Lessor warrants and represents that there is no existing lease pertaining to those reserved rights.

Section 3.3 Use. Lessee agrees to develop and operate on the Land a premium quality walnut orchard. Lessee will be responsible for obtaining any permits necessary for development and operation of the orchard and for complying with all governmental regulations, including (without limitation) any applicable wetlands or vernal pool regulations, and for satisfying any mitigation measures that may be required.

Section 3.4 Future Crops. During the term of this Lease and subject to the crop share interest of Lessor and Lessee's obligation to pay rentals, Lessee shall have a right to all walnuts, cover crops and any other crops grown upon the Land. Notwithstanding any other provisions contained herein, however, after termination of this Lease, the crops and all other improvements constructed or installed on the Land during the Lease Term (as such term is defined below) will belong to Lessor, except to the extent that the then-current year's crop will belong to Lessee to the extent that such crop may not have been harvested by the date of termination of this Lease. All expenses attributable to any crop grown on the Land during the Lease Term will be paid in full by Lessee. This obligation will survive termination of this Lease. At no time will Lessee or any of its creditors acquire or encumber Lessor's interest in Lessor's share of the crops grown upon the Land. The legal title to that percentage of the crops grown on the Land and herein specifically reserved to Lessor as and for the source of the Percentage Rent (as defined in Section 5.3), and the proceeds therefrom, will at all times be and remain vested in Lessor, and Lessee will not encumber Lessor's share of those crops. Lessor's title to and ownership of that percentage of each crop will be vested in Lessor immediately on its set and will remain in Lessor until the crop is delivered to the purchaser/processor.

SECTION IV. TERM

The term of this Lease will be for the period of thirty (30) years, commencing on October 1, 2016 ("**Term Commencement Date**") and will terminate after the crops are harvested in the year 2046, but no later than December 31, 2046, unless terminated earlier as provided in this Lease ("**Lease Term**").

SECTION V. RENT, PROPERTY TAXES, OTHER FIXED

Section 5.1 Rent. Rent for use and occupancy of the Property shall be the Annual Cash Rent (as defined in Section 5.2) and the Percentage Rent (as defined in Section 5.3). This is a "net, net, net" Lease as that term is generally understood, and Lessee shall pay and hold Lessor harmless from any and all of the expenses, costs and expenditures of every nature relating to the Property.

Section 5.2 Annual Cash Rent. Lessee will pay Lessor the sum of FIVE THOUSAND FIVE HUNDRED TWELVE AND 50/100 DOLLARS ($5,512.50) on or before January 15 of each of the following years: 2021, 2022, 2023, 2024 and 2025 ("**Annual Cash Rent**"). In addition to any other remedy available pursuant to this Lease,

Lessee will pay to Lessor a late charge of six percent (6%) if Annual Cash Rent is not paid within fifteen (15) days of the date due.

Section 5.3 Percentage Rent. Commencing in 2021, and continuing until and including 2025, in addition to the Annual Cash Rent provided in Section 5.2 above, Lessor will also be paid as rent for the Property an amount equal to twenty percent (20%) of the proceeds from the walnut crops produced on the Land that crop year and twenty percent (20%) of the proceeds received by Lessee from Crop Insurance under Section 5.7 below ("**Percentage Rent**"). Commencing in 2026, and continuing until the termination of this Lease, Lessor will be paid as rent for the Property ***the greater of*** the Percentage Rent or the Annual Cash Rent. For purposes of this Lease, "**crop year**" refers to the calendar year in which the walnuts grown on the Land are harvested. The proceeds of the crop shall be determined by the prices paid Lessee for the walnuts grown by Lessee upon the Land without any reduction for any agricultural, packing, sales, harvesting, transportation, or other cost of any nature except for government mandated assessments such as for marketing orders and inspection fees which are payable directly from the gross proceeds. All Percentage Rent payments will be made by the purchaser/processor of the walnut crop grown on the Land directly to Lessor at Lessor's current address for purposes of this Lease, on or before the due date thereof, and without any offset or any right of offset for any reason whatsoever and without any billing or any other written notice or demand by Lessor. Lessee shall notify the purchaser/processor of this payment provision and Lessor may also notify the purchaser/processor of this payment provision.

Section 5.3.1 Lessor shall be paid Percentage Rent at the same time and on the same schedule as Lessee is paid from the processor. Lessee and Lessor shall execute and deliver an irrevocable crop assignment and order directing the processor to pay Lessor's share of the crop proceeds (i.e., the Percentage Rent) directly to Lessor for the walnut crops for the Crop Years 2021 until the termination of this Lease. If during any Crop Year (other than years 2021-2015, inclusive) the Percentage Rent being paid by the processor is equal to or greater than the Annual Cash Rent, then the Annual Cash Rent payment due on January 15th of the Crop Year shall be deemed paid.

Section 5.3.2 In no event shall Percentage Rent during any Crop Year (other than years 2021-2015, inclusive) be lower than the amount of Annual Cash Rent, as adjusted pursuant to Paragraph 6.a.i. Other than Crop Years 2021-2015, inclusive, if, upon receipt of the final Payment of Percentage Rent for the Crop Year, the amount of Percentage Rent is less than the amount that Lessor would be paid for Annual Cash Rent, then Lessee shall pay to Lessor within thirty (30) days an amount equal to the difference between the Percentage Rent and the Annual Cash Rent.

Section 5.3.3 Lessee shall annually provide Lessor with a summary of the walnut yields from the Land not less than thirty (30) days after the harvest of the walnut crop, including any and all quality reports.

Section 5.4 Records. Lessee shall at all times during the term of this Lease and any extensions thereof, keep or cause to be kept, full, complete and accurate records and

books of account showing the total annual walnut tonnage produced on the Property and the price for any other crop(s) produced on the Property. Such records and books of account shall be kept in accordance with ordinarily accepted accounting procedures and shall include, without limitation, all harvest and picking records, weight tags, test reports, all documentation from any processor reasonably necessary or convenient to verify calculation of the amount of the Percentage Rent, and all contracts for the sale of the walnut crops (and all other crops) and all memoranda of agreements and correspondence relating to each sale of same ("**Crop Records**"). Lessee shall keep and maintain full and accurate books and records of the Crop Records on a cash basis in sufficient detail to allow Lessor or their representatives to audit them. Lessor shall have the right, at all reasonable times upon five (5) days' notice, to audit the Crop Records for purposes of verification under this Lease. In the event Lessee underpaid or underreported rental due for any year by three percent (3%) or more, Lessee, in addition to being in breach of this Lease, with all attendant remedies hereunder available to Lessor, shall pay Lessor all costs and expenses incurred in determining the deviation (including accountant and lawyer fees). Lessee shall provide to Lessor, on December 31 of each year during the Lease Term, or upon reasonable notice by Lessor, a copy of the books and records of account to verify the computation of that year's Percentage Rent.

Section 5.5 Sale of Crops to Processor(s). Lessee shall have the sole and exclusive right to contract with one or more third parties for the processing of the walnuts and other crops grown upon the Property, including, but not limited to, such entity or entities affiliated with Lessee; provided however those entities shall pay the greater of: (i) the price paid by the affiliated entities to other sellers of walnuts of the same variety and comparable quality (in terms of grade); or (ii) the average of the top three highest amounts that were paid by other third party independent buyers who purchased walnuts in the Hughson area for the same variety and comparable (in terms of grade) quality.

Section 5.6 Taxes. Lessor and Lessee acknowledge the Property is owned by the City of Hughson, a municipal California corporation, which is not subject to state and local taxes. To the extent any taxes, charges, fees, or assessments arise out of or relate to Lessee's use, rental, or occupancy of the Property, including, without limitation, development of an walnut orchard on the Property, Lessee must pay before delinquent all such taxes, charges, fees or assessments. Additionally, Lessee must pay before delinquent all personal property taxes and assessments levied on Lessee's personal property situated in or about the Property. On demand, Lessee must provide to Lessor satisfactory evidence of payment of all taxes, charges, fees, and assessments relating to the Property or the Improvements, or both.

Section 5.7 Crop Insurance. Lessee must maintain multi-peril crop insurance on the walnut crop grown or produced (and to be grown or produced) on the Land ("**Crop Insurance**") in an amount not less than the value of that year's walnut crop produced on the Land were it to be fully harvested and processed.

SECTION VI. STANDARDS OF OPERATION; LIMITATION ON USE

Section 6.1 Limitations on Use. Lessee's use of the Property as provided in this Lease shall be in accordance with the following:

Section 6.1.1 Cancellation of Insurance: Increase Insurance Rate. Lessee shall maintain insurance coverage with Lessor as a named insured, as provided in Section XII below. Lessor may in its discretion and at its own expense carry additional insurance with respect to the Property. Lessee shall not do, bring, or keep anything in or about the Property that will cause either cancellation of or increased cost of Lessor's separate insurance coverage relating to the Property. If the rate of any insurance carried by Lessor relating to the Property is increased as a result of Lessee's use, Lessee will pay to Lessor within ten (10) days after Lessor delivers to Lessee a certified statement from Lessor's insurance carrier stating that the rate increase was caused by activity of Lessee on the Property as permitted in this Lease, a sum equal to the difference between the original premium and the increased premium, retroactive to the date of the increase.

Section 6.1.2 Compliance with Laws. Lessee shall, at Lessee's costs and expense, comply with all laws, rules, regulations, requirements, ordinances and orders, present or future, of any federal, state, county, or city, including the City of Hughson, concerning the Property or Lessee's use of the Property.

Section 6.1.3 Waste; Nuisance. Lessee shall not use, or permit the use of, the Property in any manner that will constitute waste, nuisance, or unreasonable annoyance.

Section 6.2 Standards of Operation. Lessee shall be entirely responsible for the management and operation of the Property in accordance with horticultural standards and practices which optimize returns from the walnut orchard to be developed on the Property. Lessee shall be responsible for all pruning, frost protection, irrigating, and other proper care of the trees and harvesting of the crop, including but not limited to lawful application in accordance with high professional standards of pesticides, insecticides, fungicides, miticides, and other chemicals when and as appropriate. Lessee shall operate the walnut orchard developed on the Property in a manner which complies with all laws and regulations. Lessee shall take all actions reasonably necessary to maintain and preserve the orchard, including without limitation, the planting, growing and harvesting of walnuts, the proper cultivation of the Land, and the maintenance and servicing of all machinery, equipment, tools and fixtures. In the event any tree declines in productivity for any reason or become infested or infected or in any other way impaired so as to make the decline of physical productivity foreseeable, Lessee agrees to promptly replant such tree at Lessee's sole expense in order to cause the orchard on the Property to be fully productive.

Section 6.3 Hazardous Waste. Lessee covenants, warrants and represents to Lessor that except as provided below, at no time will Lessee, its employees, agents, contractors, licensees, invitees, authorized assigns or sublessees, store or use or permit

the storage or use on the Property of waste materials, by-products or toxic chemicals, any substance or materials or any combination of same identified or defined as a "hazardous substance" or which is prohibited, prescribed or regulated by federal, state, county, municipal or any governmental agency under any applicable statute, regulations, rule or ordinance (hereinafter "**Toxics**"), unless written consent is attained from Lessor.

Section 6.3.1 Lessor hereby gives consent to Lessee for the prudent use of customary agricultural chemicals and substances in connection with sound agricultural production practices. Lessor acknowledges that Lessee will be conducting agricultural and related operations on the Property and, in the course of those operations, may be storing or using hazardous materials such as, but not limited to, pesticides, insecticides, motor fuels, and motor oils. Lessor is hereby deemed to have received written notice of Lessee's storage or use of such hazardous substances for purposes of Section 25359.7 of the Health & Safety Code or any similar law, and Lessor waives his right under subparagraph (b)(1) of that Section to void this Lease due to such storage or use. However, Lessee agrees to use, store, handle and dispose of such substances in a prudent and lawful manner so as not to cause the substances to be retained in the soil of the Property or otherwise pollute the Property. Lessee is responsible to abide by federal, state, county and municipal regulations regarding the use and handling of agricultural chemicals and substances on the Property. Lessee will be responsible for proper off-site disposal of excess chemicals, substances and containers. Upon the final termination of this Lease, Lessee will remove any remaining chemicals, substances and containers from the Property.

Section 6.3.2 Lessee will provide Lessor with a copy of its county agricultural pesticide permit.

Section 6.3.3 In addition to the indemnification provisions contained in Section 12.2 of this Lease, Lessee hereby agrees to indemnify and hold Lessor harmless from and against:

A. All costs, including attorney's fees and court costs, incurred in the cleanup and restoration of the Property or the Land to the condition which existed at the time of Lessee's first occupancy of the Property, including, but not limited to, the costs incurred in removing any Toxics which are found on or about the Property other than Toxics present at commencement of the Lease or caused by Lessor.

B. Any and all claims for liability, loss, damage, injury, expense or costs (including attorney's fees) incurred or suffered by Lessor and affecting Lessor in conjunction with, or now or hereafter arising out of, the existence on the Property (including the soil or ground water underlying or adjacent to the Property, and the water, sewage and drainage systems connection to and within the Property) of Toxics to the extent such Toxics were deposited, discharged or stored on or about the Property by or for the benefit of Lessee. Notwithstanding anything to the contrary contained in this Lease or provided by law, the indemnification obligation contained in this Section 6.3.C. shall survive the expiration or sooner termination of this Lease.

SECTION VII. WALNUT ORCHARD DEVELOPMENT

Section 7.1 Orchard Development. Lessee, at its sole cost, and as soon as possible following the last of Lessor and Lessee to execute this Lease, will develop on the Property, as fully as soils and other physical characteristics of the Property will allow, a premium walnut orchard. No other uses shall be permitted without first obtaining the written consent of Lessor, which may be withheld, conditioned or delayed for any or no reason. Lessee will pay and be fully liable for all costs and expenses which may be incurred to establish and develop a walnut orchard on Land and bring such orchard into production, including but not limited to the following: (i) the cost of the walnut trees to be planted; (ii) the cost of deep ripping the Land; (iii) the cost of fumigation the Land with Telone II or Methyl Bromide; (iv) the cost of leveling, discing, and preparing the ground for planting; (v) the cost of designing, constructing, and installing an irrigation system on or about the Property for the uses contemplated in this Lease, including, without limitation, one or more wells, one or more pumps, filters, pipes, valves, and sprinkler or drip systems; (vi) the cost of planting the walnut trees; (vii) the costs of staking, training and pruning the new walnut trees; and (viii) the cost of any and all labor, including but not limited to Lessee's labor costs, for providing the services and materials listed in this Section 7.1.

Section 7.2 Orchard Costs. Lessee shall pay and be fully liable for all costs and expenses which may be incurred to farm the Property, including but not limited to the following: (i) the cost of replacement trees or misses needed anywhere on the Property during the term of the Lease and the cost of planting those trees; (ii) the cost of any repairing, replacing, or modifying the irrigation system on or about the Property for the uses contemplated in this Lease, and all of its components, including, without limitation, one or more wells, one or more pumps, filters, pipes, valves, sprinklers, or drip systems; (iii) the costs of training and pruning the walnut trees; (iv) the cost of insect and disease management; (v) the cost of any and all fertilizer; (vi) the cost of any and all weed and rodent management; (vii) the cost of obtaining certification under, and complying with, GLOBALG.A.P., and the cost of complying with all county, state and federal food safety and other laws regarding agricultural production of crops; (viii) all harvest costs, including without limitation, the costs of hauling and delivery of the walnut crop; and (ix) the cost of any and all labor, including but not limited to Lessee's labor costs, for providing the services and materials listed in this Section 7.2.

Section 7.3 Operation Decisions. Prior to planting a walnut orchard on the Land, Lessee must: (i) dip rip the Land, (ii) fumigate the Land (with Telone II or Methyl Bromide), and (iii) level the Land. All other determinations regarding the operational aspects of the walnut orchard to be established on the Land, including, without limitation, the type of rootstock to be utilized, the spacing of the planting, the design of the irrigation systems, the specific cultural practices to be applied to the orchard, and the month-by-month timing of each development step, shall be at Lessee's sole discretion. Lessee shall have the right to expense, amortize and depreciate all such development expenses and assets during the term of this Lease. Lessee agrees to develop and operate an orchard on

the Property which produces optimum revenues from the sales produced from the Property.

SECTION VIII. MAINTENANCE OF WALNUT ORCHARD

Section 8.1 Lessor's Operation and Maintenance. Lessor will have no obligation to alter or maintain the Property during the Lease Term. Lessee is familiar with the present condition of the Property, and its prior uses related to waste water treatment. Lessee accepts the Property in its present, "as is", condition.

Section 8.2 Lessee's Maintenance. Lessee at its sole cost will operate and maintain on the Property a premium walnut orchard as provided in this Agreement.

Section 8.3 Weeds and Pests. Lessee shall use its best efforts to keep the orchard free and clear of rubbish, and weeds and other growth generally considered by the Agricultural Extension Service of the University of California to be foul, noxious or objectionable to good farming. Lessee shall use reasonable efforts to keep the orchard free and clear of rats, gophers, squirrels and other pests.

Section 8.4 Cultural Practices and Replacement of Trees. Lessee's obligations hereunder include the responsibility to apply the highest standards of cultural practices in the Hughson area and to maintain the trees now planted or to be planted in the orchard in a healthy and vigorous condition and, if necessary, to replace existing trees, at Lessee's cost, in a manner planned to minimize loss of production.

SECTION IX. WATER AND WATER SYSTEMS/REPAIRS AND MAINTENANCE

Water necessary for the irrigation of the crops to be grown on the Property may be used by Lessee during the term of the Lease to the extent available from time to time during the Lease Term from wells, pumps, and pipelines presently existing or later developed on the Property. Water shall be used only on the Property and in performance of Lessee's obligations under this Lease. Lessor does not warrant and shall not be liable for the quantity or quality or continuous availability of water to the Property, and Lessor shall not be responsible for any damage whatsoever caused by irrigation or drainage or lack thereof. Lessee shall, at Lessee's sole cost and expense, maintain and repair all pumps, pipelines, siphons and appurtenances located on the Property or connected with and belonging to its irrigation and drainage systems. Lessee shall not use the water, pumps and appurtenances of the Property in order to water property other than the Property, nor shall it sell or export water from the Property. Title to water not used by Lessee in the production of crops on the Property or for other agricultural uses connected therewith, is and shall remain the sole property of Lessor. Lessee shall not use or permit to be used any water for the purpose of irrigating the Property, if the salinity of such water is or will be injurious to the Property. All power charges, including electrical energy and standby charges for the operation of pumps and siphons of the Property shall

be at Lessee's expense. Lessee at its sole cost shall install all pipelines and irrigations systems necessary for the development of the walnut orchards.

SECTION X. ALTERATIONS

Section 10.1 Alterations and Liens. Except as specifically provided in this Lease, Lessee shall not make or permit any other person to make any alterations to the Property or to any improvement of facilities thereon, whether or not appurtenant thereto, without the prior written consent of the Lessor. Lessee shall keep Lessor's interest in the Property and in the walnut crops produced on the Property free and clear from any and all liens, claims and demands, including without limitation, those for work performed, materials furnished, or operations conducted on the Property at the instance or request of Lessee.

Section 10.2 Mechanics' Liens. Lessee shall pay all costs for construction done by it on the Property as permitted by this Lease. Lessee shall keep the Property free and clean of all mechanics' liens resulting from construction done by or for Lessee. Lessee shall have the right to contest the correctness or the validity of any such lien if, immediately on demand by Lessor, Lessee shall procure and record a lien release bond issued by a corporation authorized to issue surety bonds in California in an amount equal to one and one-half times the amount of the claim of the lien. The bond shall meet the requirements of Civil Code Section 3143 and shall provide for the payment of any sum that the claimant may recover on the claim (together with costs of suit, if it recovers in the action).

SECTION XI. UTILITIES AND SERVICES

Lessee shall make all arrangement for and pay for any and all utilities and services to the Property, including but not limited to regular and standby fees, installation and hook-up fees furnished to or used by it. Lessee shall be billed directly for the above-mentioned utilities and services and shall pay the bills directly. If Lessor pays such charges, at its election (but without any obligation to do so), Lessor shall provide written notice of such payment to Lessee and Lessee shall reimburse Lessor for such payment within twenty (20) days of receipt of said notice.

SECTION XII. INDEMNITY AND INSURANCE

Section 12.1 Exculpation of Lessor. Except as provided herein, Lessor shall not be liable to Lessee for any damage to Lessee's property from any cause. To the maximum extent allowed by law, Lessee waives all claims against Lessor for damage to person or property arising for any reason, except that Lessor shall be liable to Lessee for damage to Lessee caused by the gross negligence or intentional acts or omissions of Lessor or its authorized representatives.

Section 12.2 Indemnification of Lessor. Lessee hereby agrees to indemnify, defend and hold Lessor, its employees, agents and representatives, harmless from any and

all known or unknown claims, demands, causes of action, liabilities, losses, damages (including consequential and punitive damages), costs and expenses (including reasonable legal fees and costs) (collectively or individually referred to as "**Claims**" or "**Claim**") arising out of, whether directly or indirectly, or in any way connected with the use or occupation of Property by Lessee under this Lease, specifically including without limitations, any Claim arising:

Section 12.2.1 By reason of any injury to person or property, unless caused by the negligence or intentional acts of Lessor or any of Lessor's employees, agents, independent contractors or invitees, while in or on the Property or in any way connected with the property or with the improvements or personal property in or on the Property, including without limitation, any liability for injury to the person, any personal property or any real property of the Lessee, its agents, officers, or employees. Upon request by Lessor, Lessee shall provide reasonable proof of Lessee's insurance coverage to fund Lessee's indemnity obligations under this Section 12.2.

Section 12.2.2 By reason of any work performed on the Property or materials furnished to the Property at the insistence or request of the Lessee, its agents or employees.

Section 12.2.3 By reason of Lessee's failure to perform any provision of this Lease, or failure to comply with any requirement imposed on it or on the Property by any duly authorized governmental agency or political subdivision.

Section 12.2.4 By reason of Lessee's failure or inability to pay as they become due any obligations incurred by Lessee in the agricultural or other operations to be conducted by it on the Property.

Section 12.2.5 By reason of Lessee's violation or breach of any representation warranty or covenant of Lessee hereunder.

Section 12.2.6 By reason of, or directly or indirectly arising out of, or in any way connected with, the use, release, generation, storage or disposal of hazardous materials, on, in, under or above the Property, including without limitations, on, in or under the ground water under the Property or the surface water on the Property, or any crop on the Property, or any crop on the Property by any person during the occupation of the Property by Lessee.

The indemnification provided in this Section 12.2 survives the termination of this Lease.

Section 12.3 Notice of Claim. In the event Lessor receives notice of any Claim or demand against which Lessor is entitled to indemnification pursuant to this Section 12, Lessor shall promptly give written notice thereof to Lessee. Lessee shall immediately take such measures as may be reasonably required to properly and effectively defend any such Claim, and may defend with counsel of its own choosing, subject to reasonable

approval of Lessor, which approval shall not be unreasonably withheld or delayed. In the event Lessee fails to properly and effectively defend any such Claim, then Lessor may defend such Claim with counsel of its own choosing at the expense of Lessee.

Section 12.4 Property Insurance on Lessee's Property. Lessee, at its expense, shall carry fire and casualty insurance on Lessee's own property as Lessee deems necessary, and Landlord shall have no obligation to Lessee with respect to any loss or damages suffered by Lessee with regard to Lessee's own property.

Section 12.5 Commercial General Liability; Auto. Lessee at its cost must maintain commercial general liability with a single combined liability limit of $2,000,000.00, insuring against all liability of Lessee, its employees, and its authorized representatives arising out of and in connection with Lessee's use or occupancy of the Property. The Commercial General Liability coverage should include, but not be limited to, the following: Property/Operations, Products/Completed Operations, Owners Contractors Protective, Independent Contractors, Blanket Contractual Liability, Broad Form Property Damage, Personal Injury, Chemical Drift and Contingent Crop Dusting Liability. Lessee at its cost must maintain automobile liability insurance in an amount no less than $1,000,000. All insurance shall cover not only the liability of Lessee for bodily injury to or death of persons and property damage occurring in upon or about the Property, but also all liabilities which have been assumed by Lessee under the provisions of this Lease. Lessor must be named as an additional insured on said policies, and Lessor must receive for each such policy a currently effective certificate attesting to such insurance coverage. Notwithstanding the provisions of this Section 12.5, Lessee, in its sole discretion, may provide or obtain the required insurance under one or more blanket policies insuring Lessee in regard to all properties that Lessee may farm.

Section 12.6 Increase in the Amount of Commercial General Liability Insurance. Not more frequently than every three (3) years, if, in the judgment of Lessor's counsel, general manager, or the insurance broker retained by Lessor, the amount of commercial general liability insurance coverage at the time is not adequate, Lessee shall increase the insurance coverage as requested by Lessor.

Section 12.7 Workers' Compensation Insurance. Lessee shall procure and maintain at its own cost and expense, during the term and any extensions of this Lease, Workers' Compensation coverage required by the State of California, and Employer's Liability Insurance in an amount no less than $1,000,000. Lessee shall require any harvester, sprayer or other person hired by it as an independent contractor to perform services to the Property to procure similar workers' compensation insurance. Lessee shall require any independent contractor to procure this insurance before commencing any services on the Property and to maintain the insurance during the performance of any such services. Lessee shall provide to Lessor a currently effective certificate attesting to such insurance coverage.

Section 12.8 Waiver of Subrogation. To the extent allowed by their respective insurance carriers, the parties release each other, and their respective authorized

representatives, from any claims for damage to any person, the orchard, or the fixtures, personal property, crops, Improvements, and alterations of either Lessor or Lessee in the Property or in any of the parcels in which the Property is located, to the extent covered by any insurance policies carried by the parties and in force at the time of the damage. Whenever possible without additional cost, each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. Neither party shall be liable to the other for injury or damage to the extent covered by any insurance policy carried by or for the protection or other benefit of the other party. If any insurance policy cannot be obtained with a waiver of subrogation, or is obtainable only by the payment of an additional premium charge above that charged by insurance companies issuing policies without waiver of subrogation, the party in whose favor a waiver of subrogation is desired shall have a period of ten (10) days after receiving the notice either to place the insurance with a company that is reasonably satisfactory to the other party and that will carry the insurance with a waiver of subrogation, or to agree to pay the additional cost. If the insurance cannot be obtained or the party in whose favor a waiver of subrogation is desired refuses to pay the additional premium charged, the other party is relieved of the obligation to obtain a waiver of subrogation rights with respect to the particular insurance coverage involved.

SECTION XIII. DESTRUCTION

Section 13.1 Lessee's Obligation to Restore. If, during the Lease Term, all of the Property is totally destroyed by fire, flood, earthquake or other casualty (whether or not covered by insurance) rendering the Property totally inaccessible or unusable, Lessee shall within ninety (90) days of such destruction either: (i) terminate the Lease, or (ii) commence immediately to restore the Property to substantially the same condition as it was immediately before the destruction. If Lessee terminates the Lease it shall assign to Lessor all rights it may have to insurance proceeds attributable to the destruction and shall pay to Lessor all proceeds already received less those funds necessary and paid by Lessee to restore property to original farmable condition.

Section 13.2 Abatement or Reduction of Rent. In case of partial destruction, there shall be no abatement or reduction of rent.

Section 13.3 Waiver of Civil Code Sections. Lessee waives the provision of Civil Code Section 1932(2A) and Civil Code Section 1933(4) with respect to any destruction of the Property.

SECTION XIV. CONDEMNATION

Section 14.1 Definitions.

1. "Award" means all compensation, sums, or anything of value awarded, paid, or received on a total or partial condemnation.

2. "Condemnation" means (a) the exercise of any governmental power, whether by legal proceeding or otherwise, by a Condemnor, and (b) a voluntary sale or transfer by Lessor to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

3. "Condemnor" means any public or quasi-public authority or private corporation or individual, having the power of condemnation.

4. "Date of Taking" means the date the Condemnor has the right to possession of the property being condemned.

Section 14.2 Parties' Rights and Obligations to Be Governed By Lease. If, during the term or during the period of time between the execution of this Lease and the date the term commences, there is any taking of all or any part of the Property or any interest in this Lease by condemnation, the rights and obligations of the parties shall be determined pursuant to this Section.

Section 14.3 Total Taking. If the Property is totally taken by condemnation, this Lease shall terminate on the date of taking, and Lessee shall be entitled to that portion of the Award as set forth below in Section 14.5.

Section 14.4 Partial Taking.

Section 14.4.1 Effect on Lease. If any portion of the Property is taken by condemnation, this Lease shall remain in effect, except that Lessee can elect to terminate this Lease if fifty percent (50%) or more of the total planted acreage of the orchard is taken or rendered unsuitable for Lessee's continued use. If Lessee elects to terminate this Lease, Lessee must exercise its right to terminate pursuant to this subsection by giving notice to Lessor within thirty (30) days after the nature and the extent of the taking have been finally determined. If Lessee elects to terminate this Lease as provided in this subsection, Lessee also shall notify Lessor of the effective date of termination, which date shall not be earlier than thirty (30) days nor later than ninety (90) days after Lessee has notified Lessor of its election to terminate. However, as to the portion taken this Lease shall terminate on the date of taking if the date of taking falls on a date before the date of termination as designated by Lessee. If Lessee does not terminate this Lease within the thirty (30) day period, this Lease shall continue in full force and effect, except that the base rent shall be reduced pursuant to this section.

Section 14.4.2 Waiver of CCP Section 1265.130. Each party waives the provisions of Code of Civil Procedure Section 1265.130 allowing either party to petition the Superior Court to terminate this Lease in the event of a partial taking of the orchard.

Section 14.5 Award - Distribution. The Award shall belong to and be paid to Lessor, except that Lessee shall receive from the Award the following (which shall be paid directly to Lessee):

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1. A sum representing that portion of the replacement cost of Lessee's initial investment in developing the walnut orchard on the taken portion of the Property, up to the whole thereof if the entire Property is taken.

2. A sum attributable to the taking of Lessee's improvements or alterations made to the Property by Lessee in accordance with this Lease, which Lessee's improvements or alterations Lessee would have the right to remove from the Property pursuant to the provisions of this Lease but elects not to remove; or if Lessee shall elect to remove any such Lessee's improvements or alterations, a sum for reasonable removal and relocation costs not to exceed the market value of such improvements or alterations.

3. Any portion of the Award which is specified to represent the loss incurred by Lessee (other than the development costs and improvements referred to above) in the present market value of Lessee's interest in the Property and all compensation, damages and award for Lessee's trade fixtures, equipment, machinery, and growing crops, and any business interruption and relocation expenses.

SECTION XV. ASSIGNMENT

Section 15.1 Assignment and Subletting. Lessee shall not assign, transfer or encumber this Lease or any interest herein, nor sublet any portion of the Property, without the prior written consent of Lessor, which consent by Lessor shall not be unreasonably withheld or delayed. Reasonable grounds for denying or withholding consent include the following:

(a) The proposed transferee's financial condition is inadequate to support the obligations of the Lessee under this Lease, after taking into account Lessee's continued financial liability under the Lease. For purposes of this provision, if the proposed transferee's net worth is equal or exceeds that of Lessee as of the date of the requested assignment, the proposed transferee's financial condition will automatically be deemed sufficient for purposes of this subsection (a).

(b) The proposed assignment would cause Lessor to violate another lease or agreement to which Lessor is a party.

(c) The proposed transferee's reputation in the Hughson farming community as having farming practices not meeting or exceeding the current farming practices of Lessee.

Section 15.2 Permitted Transfers. Notwithstanding the provisions of Section 15.1 above, Lessee may assign this Lease or sublease any portion of the Property to a corporation, partnership or other entity which controls, is controlled by, or is under common control with Lessee, or any entity resulting from any merger or consolidation with Lessee (a "**Permitted Transferee**") without any consent of Lessor so long as the terms and provisions of this Lease are otherwise complied with.

Section 15.3 Lessor's Written Response. Lessee shall provide in writing to Lessor a notice at least thirty (30) days before the proposed effective date of the proposed transfer to an assignee or subtenant ("**Transfer Notice**"). The Transfer Notice shall include the following: (i) information regarding the proposed transferee (name, address and ownership information, current financial statements); and (ii) all material terms of the proposed transfer. Within twenty (20) days after receiving the Transfer Notice of the anticipated assignment or subletting of the Property, Lessor should approve or disapprove the proposed transfer pursuant to Section 15.1. If Lessor disapproves the proposed transfer pursuant to Section 15.1, Lessor shall provide a reasonable explanation. Any assignment or subleasing without the prior written consent of Lessor will be void. Any assignment or sublease with the written consent of Lessor pursuant to the terms of this Agreement does not release Lessee from its obligations and liabilities under this Agreement unless otherwise stated in the written consent given by Lessor. Lessee shall pay Lessor's, as additional rent, reasonable attorney's fees that Lessor incurs in reviewing and processing the transfer request.

SECTION XVI. DEFAULT

Section 16.1 Lessee's Default. The occurrence of any of the following shall constitute a default by Lessee:

1. Failure to pay rent, taxes, insurance, or any other specific money obligation when due pursuant to the terms of this Lease, if the failure continues for five (5) days after notice has been given to Lessee.

2. Abandonment of the Property, which includes but is not limited to failing to occupy and operate the Property for fifteen (15) consecutive days.

3. Failure to perform or comply with any other provision of this Lease, including, without limitation, failure to develop and maintain on the Land a premium walnut orchard.

4. The dissolution of Lessee.

5. Any default of the Lease by any assignee or any sublessee.

Section 16.2 Lessor Remedies. Lessor shall have the remedies listed below if Lessee shall commit a default. These remedies are not exclusive. The remedies are cumulative in addition to any remedies now or later allowed by law:

Section 16.2.1 If Lessee's Right to Possession Is Not Terminated. Lessor can continue this Lease in full force and effect, and the Lease will continue in effect as long as Lessor does not terminate Lessee's right to possession, and Lessor shall have the right to collect rent when due. During the period Lessee is in full default, Lessor can enter the Property and relet them, or any part of them, to third parties for Lessee's

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account. Lessee shall be liable immediately to Lessor for all costs Lessor shall incur in reletting the Property, including, without limitation, broker's commission, expenses of rehabilitating the orchard required for reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. Lessee shall pay to Lessor the rent due under this Lease on the dates the rent is due, less any rent Lessor actually receives from any reletting. No act by Lessor by this section shall terminate this Lease unless Lessor notifies Lessee that Lessor elects to terminate this Lease. After Lessee's default and for as long as Lessor does not terminate Lessee's right to possession of the Property, if Lessee obtains Lessor's consent as provided in Section XV of this Lease, Lessee shall have the right to assign or sublet its interest in this Lease, but Lessee shall not be released from liability for rents hereunder or from performance of any other obligation hereunder.

Section 16.2.2 <u>If Lessee's Right to Possession is Terminated</u>. Lessor can terminate Lessee's right to possession of the Property at any time. No act by Lessor other than giving express notice of termination to Lessee shall terminate this Lease. Acts of maintenance, efforts to relet the Property, or the appointment of a receiver on Lessor's initiative to protect Lessor's interest under this Lease shall not constitute a termination of Lessee's right to possession. On termination, Lessor has the right to recover from Lessee:

1. The worth at the time of the award of the unpaid rent that had been earned at the time of termination of this Lease, plus

2. The worth, at the time of the award of the amount, by which the unpaid rent that would have been earned after the date of termination of this Lease until the time of award (including reasonably estimated future Percentage Rent) exceeds the amount of the loss of rent that Lessee proves by clear and convincing evidence could have been reasonably avoided by Lessor, plus

3. The worth, at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award (including reasonably estimated future Percentage Rent) exceeds the amount of the loss of rent that Lessee proves by clear and convincing evidence could have been reasonably avoided by Lessor, plus

4. Any other amount, including attorneys' fees, expert witness fees, and costs, necessary to compensate Lessor for all detriment proximately caused by Lessee's default.

"The worth, at the time of award", as used in 1 and 2 of this subsection is to be computed by allowing interest at the rate of ten percent (10%) per annum. "The worth, at the time of award," as referred to in 3 of this subsection, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of termination, plus one percent (1%).

Section 16.2.3 Appointment of Receiver. If Lessee is in Default of this Lease, Lessor shall have the right to have a receiver appointed to conduct Lessee's business on the Property and to pay all rents accruing to Lessor for the account of Lessee. Neither the filing of a petition for the appointment of a receiver nor the appointment itself shall constitute an election by Lessor to terminate this Lease.

Section 16.2.4 Lessor's Right to Cure Lessee's Default. Lessor, at any time after Lessee commits a default, can cure the default at Lessee's cost. If Lessor at any time, by reason of Lessee's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Lessor shall be due immediately from Lessee to Lessor at the time the sum is paid, and if paid at a later date shall bear interest at the rate of ten percent (10%) per annum from the date the sum is paid by Lessor until Lessor is reimbursed by Lessee. The sum, together with interest on it, shall be deemed additional rent.

SECTION XVII. ENCUMBRANCE-TERMINATION OF LEASE

Any encumbrance prohibited by the provision of this Lease, including without limitation, the crop produced on the Property, or the leasehold interest of the Lessee in the Property, made, done or suffered by Lessee without Lessor's written approval, whether voluntary or involuntary, during the Term of this Lease or any extension thereof, shall terminate this Lease and shall entitle the Lessor to re-enter and regain possession of the Property. Under no circumstances shall Lessee be entitled to encumber the Property, or cause or permit any lien, judgment, trust deed or mortgage to be recorded against the title to the Property.

SECTION XVIII. LESSOR'S ENTRY ON PROPERTY

Section 18.1 Access. Lessor and its authorized representatives shall have full access to the Property at all reasonable times; Lessee shall supply to Lessor his agents and assigns, such keys and other implements necessary to allow entry on the Property.

Section 18.2 Monitoring Wells. In addition to the rights provided in Section 18.1 above, Lessor at its sole cost and expense, may monitor, inspect, or otherwise test the quality of the ground or other water on, in, under, or about the Property. This includes the right to use any water monitoring well existing on the Property as of the date of this Lease, and the right to install and use one or more additional water monitoring wells on the Property during the term of this Lease (and any extension thereof). Lessor may relocate any monitoring well installed on the Property to another location within the Property. Lessor will use its best efforts to install and use each monitoring well in such a manner so as to not unreasonably interfere with Lessee's use and enjoyment of the Property.

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SECTION XIX. SUBORDINATION; ESTOPPEL

Section 19.1 Lease to Be Subject to Subordination. This Lease shall be prior to any encumbrance recorded after the date of this Lease affecting the Property. If, however, a lender requires that this Lease be subordinate to any such encumbrance, this Lease shall be subordinate to that encumbrance. Upon the written request of Lessor, Lessee agrees to subordinate its rights under this Lease to any mortgage or deed of trust or similar indenture ("**lien**") covering the Property upon the conditions set for hereafter, and Lessor agrees to obtain a non-disturbance agreement from any mortgage holder, trust deed beneficiary or similar indenture holder ("**lien holder**"). Such non disturbance agreement shall provide that the lien holder agrees in writing, in recordable form, that so long as Lessee shall not be in default under this Lease, or, if Lessee is in such default, as long as Lessee's time to cure such default shall not have expired: (i) the term of this Lease shall not be terminated or modified in any material respect whatsoever, nor the rights of Lessee under this Lease or its occupancy of the Property be affected in any way should such lien be foreclosed or any other action be instituted in connection with such lien; and (ii) that in the event of default under the lien and upon enforcement by the lien holder of its remedies, said lien holder agrees to perform all of the duties and responsibilities of the Lessor under this Lease so long as Lessee is not in default beyond any applicable cure period of this Lease. In the event that any such lien is foreclosed or a conveyance in lieu of foreclosure is made, at the election of Lessor's successor in interest, Lessee agrees to attorn to and become the tenant of such successor and Lessee's right to possession of the Property shall not then be disturbed as long as Lessee is not in default under this Lease. Lessee shall attorn to any purchaser at any foreclosure sale, or to any grantee or transferee designated in any deed given in lieu of foreclosure. Lessee shall execute the written agreement and any other documents required by the lender to accomplish the purposes of this section.

Section 19.2 Right to Estoppel Certificates. Each of Lessor and Lessee, within ten (10) days after notice from the other party, shall execute and deliver to the other party, in recordable form, a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modifications. The certificate also shall state the amount of the Base Rent, the amount or basis for determining the Percentage Rent, the dates to which the rent has been paid in advance, and the amount of any security deposit or prepaid rent. Failure to deliver the said estoppel certificate within the ten (10) days shall constitute a material default hereunder, and such failure shall be conclusive upon the party failing to deliver the certificate for the benefit of the party requesting the certificate and any successor to the party requesting the certificate, that this Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate.

SECTION XX. NOTICE

Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, certified mail with return receipt

requested. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party shall be addressed and mailed or hand-delivered or delivered by facsimile transmission to the other party at the address set forth in Section 26.10 of this Lease. Either party may change its address by notifying the other party in writing of the change of address. Notice shall be deemed communicated and received when actually delivered or by facsimile transmission or within seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

SECTION XXI. WAIVER

No delay or omission in the exercise of any right or remedy of Lessor on any default by Lessee shall impair such right or remedy or be construed as a waiver. The receipt and acceptance by Lessor of delinquent rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment of the particular rent payment involved and shall not constitute a waiver of interest for the delay in payment. No act or conduct of Lessor, including without limitation, the acceptance or use or continuing use of Lessor, of any keys or other entrance controls to the Property shall constitute an acceptance of the surrender of the Property by Lessee before the expiration of the term. Only express written notice from Lessor to Lessee shall constitute acceptance of the surrender of the Property and accomplish a termination of the Lease. Lessor's consent to or approval of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent to or approval of any subsequent act by Lessee. Any waiver by Lessor of any default must be in writing and shall not be deemed a waiver of any other default concerning the same or any other provision of the Lease.

SECTION XXII. SURRENDER AND DEED ON TERMINATION

Lessee shall execute and deliver to Lessor, on the expiration or termination of this Lease, within five business days of Lessor's request, a surrender of lease and a quitclaim deed to all lands (including related rights) within the Property, in recordable form, to Lessor or to Lessor's designee as grantee. Lessee shall also cooperate with Lessor in executing any document or performing any other act reasonably requested by any title insurance company to clear record title to any land involved in or affected by this Lease.

SECTION XXIII. ATTORNEYS' FEES

If either Lessor or Lessee becomes a party to any third party litigation concerning this Lease, the Land, or any of the Improvements , by reason of any act or omission of the other party or its authorized representatives, the party that causes the other party to become involved in the litigation shall hold harmless and indemnify that party for reasonable attorneys' fees, expert witness fees, other litigation expenses and court costs incurred by it in the litigation. If either Lessor or Lessee commences an action against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit. The phrase "prevailing party" shall also mean the party who obtains substantially

the result sought, whether by dismissal, default, summary judgment, settlement or otherwise.

SECTION XXIV. SURRENDER OF PROPERTY; HOLDING OVER

Section 24.1 Surrender of Property. On expiration of thirty (30) days after termination of the term, Lessee shall surrender to Lessor the Property and all Lessee's improvements and alterations in good condition, except for ordinary wear and tear occurring after the last necessary maintenance made by Lessee and except for alternations that Lessee has the right to remove or is obligated to remove under the provisions of the Section dealing with alterations. Except for the walnut trees and associated irrigation systems (which shall remain with the Property, including permanent set sprinklers, drip irrigation lines, pumps, etc.), Lessee shall remove all its personal property within the above-stated time. Lessee shall perform all restoration made necessary by the removal of any of Lessee's alterations or Lessee's personal property within the time periods stated in this section. Lessor can elect to retain or dispose of in any manner any alterations or any of Lessee's personal property that Lessee does not remove from the Property on expiration or termination of the term as allowed or required by this Lease by giving ten (10) days' notice to Lessee. Title to any such alterations or Lessee's personal property that Lessor elects to retain or dispose of on expiration of such ten (10) day period shall vest in Lessor. Lessee waives all claims against Lessor for any damage to Lessee resulting from Lessor's retention or disposition of any such alterations or Lessee's personal property. If Lessee fails to surrender the Property to Lessor on expiration or ten (10) days after termination of the term as required by this section, Lessee shall hold Lessor harmless from all damages resulting from Lessee's failure to surrender the Property (including, without limitation, claims made by a successor to Lessee) resulting from failure by Lessee or a successor to Lessee to surrender the Property.

Section 24.2 Holding Over. If Lessee, with Lessor's consent, remains in possession of the Property after expiration or termination of the term, or after the date in any notice given by Lessor to Lessee terminating this Lease, such possession by Lessee shall be deemed to be a month-to-month tenancy terminable on thirty (30) days' written notice given at any time by either party. During any such month-to-month tenancy, Lessee shall pay promptly all rent required by this Lease.

SECTION XXV. LESSOR'S REPRESENTATIONS

Section 25.1 AS-IS Condition. The Land and Improvements are leased in an "AS-IS" condition, with all faults, and Lessor makes no representation or warranty whatsoever regarding the Property or the Improvements, including, without limitation, any representation or warranty as to the condition of the Property, or any Improvement, or whether the Property or the Improvements (or both) are suitable for Lessee's intended use.

Section 25.2 Prior Representations/Warranties. Neither Lessor nor any of Lessor's agents have made any representations, warranties, or promises with respect to

the Property, or any improvements, structures, and facilities thereon, except as herein expressly set forth. Without limiting the generality of the foregoing, Lessee expressly acknowledges that Lessor and Lessor's agents have made no warranties or representations, express or implied, regarding the weather at or around the Property, the suitability of the Property for farming, or the quantity or quality of walnuts to be grown on the Property.

SECTION XXVI. MISCELLANEOUS PROVISIONS

Section 26.1 Time of Essence. Time is of the essence of each provision of this Lease.

Section 26.2 Consent of Parties. Whenever consent or approval of either party is required, that party shall not unreasonably withhold such consent or approval.

Section 26.3 Successors and Assigns. This Lease shall be binding on and inure to the benefit of the parties and their respective permitted successors and assigns.

Section 26.4 Exhibits - Incorporation in Lease. All exhibits referred to are attached to this Lease and incorporated by reference.

Section 26.5 California Law. This Lease shall be construed and interpreted in accordance with the laws of the State of California. The venue of any action or proceeding arising out of this Lease shall be Stanislaus County, California.

Section 26.6 Integrated Agreement; Modification. This Lease contains all the agreements of the parties and cannot be amended or modified except by a written agreement.

Section 26.7 Captions; Table of Contents. The captions and the Table of Contents of this Lease shall have no effect on its interpretation.

Section 26.8 Singular and Plural. When required by the context of this Lease, the singular shall include the plural.

Section 26.9 Severability. The unenforceability, invalidity, or illegality of any provisions shall not render the other provisions unenforceable, invalid, or illegal.

Section 26.10 Address of Parties for Notice Purposes. Until and unless changed

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by written notice to the other party, the respective addresses of the parties are:

LESSOR :	LESSEE:
CITY OF HUGHSON PO Box 9 7018 Pine Street Hughson, CA 95326 ATTN: City Manager	_____ _____ Hughson, CA 95326

Section 26.11 Payments Are Rent. All sums of money or charges required to be paid by Lessee under this Lease shall be deemed rental for the Property and may be designated as such in any statutory notice to pay rent or quit the Property.

Section 26.12 Arbitration. Any question, dispute, controversy, or misunderstanding arising under or in connection with this Lease, other than disputes with respect to the payment of rent, taxes, or to keep the Property insured, shall be submitted to judicial arbitration in accordance with the provisions of Code of Civil Procedure Sections 1141.10 - 1141.31 and California Rules of Court 810-3.830.

Section 26.13 No Joint Venture. The relationship between Lessor and Lessee is that of Lessor and Lessee under a lease and it is not a partnership or joint venture. Hence, neither party may enter into a contract or otherwise, by act or omission, create liabilities which bind the other party. Lessee is an independent contractor and has no authority to contract or enter into any other agreement in the name of Lessor. Lessee shall be fully responsible for all matters relating to payment of its employees including compliance with taxes.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease to be effective as of the date first set forth above.

"**LESSOR**":	"**LESSEE**":
CITY OF HUGHSON, a municipal California corporation	_____, a _____
By: _____ Its: City Manager	By: _____ Its: _____

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EXHIBIT "A"

DEPICTION OF LAND

[attached—see following page]

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TOTAL = ~35 ACRE

UNUSABLE = ~3.5 ACRE.

USABLE = ~31.5 ACRE

CITY OF HUGHSON AGENDA ITEM NO. 3.4
SECTION 3: CONSENT CALENDAR

Meeting Date:	**October 10, 2016**
Subject:	**Resolution of Concurrence with the Consolidated Annual Performance Evaluation Report (CAPER) for Fiscal Year 2015-2016**
Enclosures:	**Resolution No. 2016-34** **DRAFT Fiscal Year 2014-2015 Consolidated Annual Performance Evaluation Report (CAPER)**
Presented By:	**Jaylen French, Community Development Director**

Approved By: _____

Recommendation:

Adopt Resolution No. 2016-34, concurring with the Consolidated Annual Performance Evaluation Report (CAPER) for Fiscal Year 2015-2016.

Background and Overview:

Stanislaus County is recognized as an eligible Urban County by the Federal Department of Housing and Urban Development (HUD) and thus receives Community Development Block Grant (CDBG) funds. In 2002, Stanislaus County formed the Stanislaus County CDBG Consortium, which includes the unincorporated communities of the County and the cities of Ceres, Hughson, Newman, Oakdale, Patterson and Waterford.

A requirement of the CDBG program is for the administering jurisdiction—Stanislaus County—to prepare a Consolidated Annual Performance Evaluation Report (CAPER) for submittal to the Department of Housing and Urban Development (HUD) for review.

The Fiscal Year 2015-2016 CAPER outlines the projects that were undertaken by the Consortium members, as well as various public service agencies that were funded to assist additional persons and households. A 15-day public review period of the 2015-2016 CAPER opened on August 24, 2016 and a Public Hearing has been set for September 27, 2016 in front of the Stanislaus County Board of Supervisors. Comments received during the 15-day public review and comment period will be incorporated into the final documents prior to submittal to HUD.

As a consortium member, the City of Hughson receives a proportional share of the total funds available to the County, which for Fiscal Year 2015-2016 was $1,497,346. The City of Hughson's share is $137,741.

The City of Hughson expended a total of $150,257 for the Hughson Avenue Reconstruction and Sidewalk project. The additional $12,516 was used from previous year's CDBG allocations. The City has approximately $6,283.66 remaining in CDBG Project funding and approximately $15,027.00 in CDBG Administrative funding remaining. The City will continue to expend this balance.

Discussion:

In the past, the Consortium members were required to hold community meetings and approve a CAPER or Consolidated Annual Performance and Evaluation Report to help the Federal government ensure funds were being used appropriately. For Fiscal Year 2015-2016, the Consortium members are required to 1) report to their Councils the CDBG accomplishments from the prior fiscal year, which is included in the CAPER and 2) Adopt a Resolution of Concurrence with the CAPER and support submittal to HUD.

Fiscal Impact:

There is no fiscal impact to adopt a Resolution of Concurrence with the CAPER for Fiscal Year 2015-2016. The City, per their participation in the CDBG Consortium received $137,741 in CDBG funding for the completion of an infrastructure project.

CITY COUNCIL
CITY OF HUGHSON
RESOLUTION NO. 2016-34

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON OF CONCURRENCE WITH THE 2015-2016 CONSOLIDATED ANNUAL PERFORMANCE REPORT (CAPER)

WHEREAS, Stanislaus County, recognized as an eligible Urban County by the federal Department of Housing and Urban Development (HUD), annually receives Community Development Block Grant (CDBG) funds; and

WHEREAS, in 2002, Stanislaus County formed the Stanislaus County CDBG Consortium, which includes Stanislaus County unincorporated communities and the Cities of Ceres, Hughson, Newman, Oakdale, Patterson and Waterford; and

WHEREAS, as an application for these funds, HUD requires Stanislaus County, the administering jurisdiction, to prepare and submit a Consolidated Plan and Annual Action Plan, as well as a Consolidated Annual Performance and Evaluation Report (CAPER) to report the progress made in accomplishing the goals set forth in the Consolidated Plan and Annual Action Plan; and

WHEREAS, Stanislaus County has prepared the CAPER for Fiscal Year 2015-2016 and a 15-day public review period opened on August 24, 2016. Comments received during the 15-day public review and comment period will be incorporated into the final documents prior to submittal to HUD. A public hearing was held before the County Board of Supervisors on September 27, 2016; and

WHEREAS, as a consortium member, the City of Hughson received a proportional share of the Fiscal Year 2015-2016 funds totaling $137,741. This fiscal year, the City of Hughson expended a total of $150,257 which included Fiscal Year 2015-2016 dollars on the Hughson Avenue Reconstruction and Sidewalk Project.

NOW, THEREFORE, BE IT RESOLVED that the Hughson City Council does hereby concur with the CAPER for Fiscal Year 2015-2016 and supports submittal to HUD.

PASSED AND ADOPTED by the City Council of the City of Hughson at its regularly scheduled meeting on this 10th day of October 2016 by the following roll call vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

_____

MATT BEEKMAN, Mayor

ATTEST:

_____

SUSANA DIAZ, Deputy City Clerk

CITY OF HUGHSON AGENDA ITEM NO. 3.5
SECTION 3: CONSENT CALENDAR

Meeting Date: **October 10, 2016**
Subject: **Consideration of Resolution No. 2016-35, Amendment and Biennial Review of the City of Hughson's Conflict of Interest Code.**
Enclosures: **Resolution No. 2016-35**
Attachment "A" Terms of the Code
Attachment "B" Positions Designated to Report
Attachment "C" Disclosure Categories
Attachment "D" Place of Filing
Presented By: **Susana Diaz, Management Analyst/Deputy City Clerk**

Approved By: _____

Staff Recommendation:

Adopt Resolution No. 2016-35, amending the City of Hughson's Conflict of Interest Code and add new positions, revise the titles of existing positions, delete titles of positions that have been abolished and/or positions that no longer make or participate in making governmental decisions, and amend the "terms of the code".

Background and Overview:

The Political Reform Act (Government Code Sections 81000-91014) requires every local governmental agency to review its Conflict of Interest Code biennially. A notice must be submitted to the reviewing body indicating whether or not an amendment is necessary. The code reviewing body for the City of Hughson is the City Council. The Political Reform Act requires governmental officials and certain employees to publicly disclose their personal assets and income. They also must disqualify themselves from participating in decisions which may affect their personal economic interests. The Fair Political Practices Commission (FPPC) is the state agency responsible for issuing the State of Economic Interest, Form 700, and for interpreting the law's provisions.

Persons holding the position of Mayor, City Councilmember, Planning Commissioner, City Manager, City Attorney, and City Treasurer file a form 700 pursuant to Government Code §87200 directly with the FPPC. In addition, local government agencies must adopt a local Conflict of Interest Code (Code). This Code must designate positions that make or participate in the making of decisions

which may foreseeably have a material effect on any financial interest. The Code must be reviewed biennially to determine if amendments are required.

The Hughson City Council last amended the Conflict of Interest Code on September 10, 2012 with the adoption of Resolution No. 2012-36. On August 25, 2015, it was determined that no amendment to the Conflict of Interest Code was required and thus filed as is. After review of the City's existing Code, City staff has determined that the Code required updating to comply with State law. Attached is the Resolution amending the Conflict of Interest Code for the City of Hughson. The Resolution designates City employee's disclosure categories as set forth in Government Code and is attached by reference in Exhibit "B".

Fiscal Impact:

There is no additional fiscal impact to the City associated with approval of this item. The City's Deputy City Clerk is responsible for ensuring the proper annual filing of the Form 700 by appropriate City officials as required and per the specified deadline.

CITY OF HUGHSON
CITY COUNCIL
RESOLUTION NO. 2016-35

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON REVIEWING AND AMENDING THE CONFLICT OF INTEREST CODE FOR DESIGNATED POSITIONS

WHEREAS, the Hughson City Council adopted a Conflict of Interest Code pursuant to the Political Reform Act of 1974, Government Code Section 81000, et seq; and,

WHEREAS, the Hughson City Council last amended the Conflict of Interest Code on July 12, 2012 by adopting Resolution 2012-36; and,

WHEREAS, pursuant to Government Code Section 87306.5, each local government agency must review it's Conflict of Interest Code on a biennial basis and either amend the code or report that the Code is not in need of amendment; and,

WHEREAS, the City Council amends the Conflict of Interest Code adopted by Resolution 2016-35; and,

WHEREAS, Exhibit "B", listing the designated positions, is hereby amended to remove, change, and include the current designated positions; and

WHEREAS, the City of Hughson will continue to incorporate by reference Title 2, California Administrative Code Section 18730 and amendments to it, adopted by the Fair Political Practices Commission (FPPC), which will save time and money by minimizing the actions required of the Council to keep its code in conformity with the Reform Act.

NOW THEREFORE BE IT RESOLVED by the City Council for the City of Hughson as follows:

1. The terms of Title 2, California Administrative Code Section 18730 and any amendments to it duly adopted by the FPPC, along with attached "Exhibit "B" in which designated positions and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the City of Hughson.

2. Persons holding designated positions shall file Statements of Economic Interest, Form 700, pursuant to the Code with the City Clerk, who shall

be deemed the Filing Officer and who shall make the statements available to the public for inspection and reproduction.

PASSED AND ADOPTED by the City Council of the City of Hughson at its regular meeting held on this 10th day of October, 2016 by the following roll call votes: ( )

AYES:

NOES:

ABSENT:

ABSTENTIONS:

_____
MATTHEW BEEKMAN, Mayor

ATTEST:

_____
SUSANA DIAZ, Deputy City Clerk

ATTACHMENT A

CONFLICT OF INTEREST CODE FOR THE

CITY OF HUGHSON

The Political Reform Act, Government Code section 81000, et seq., requires each state and local government agency to adopt and promulgate a conflict of interest code. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs., Section 18730, which contains the terms of a standard conflict of interest code. It can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. Therefore, the terms of 2 Cal. Code of Regs., 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 consisting of this designated and disclosure categories are set forth, and the place of filing is specified, shall constitute the Conflict of Interest Code of the City of Hughson.

Designated employees shall file statements of economic interests with the agency. Upon receipt of the statements of the various designated members and employees, the designated agency shall make and retain a copy and forward the original of these statements to the place of filing, as indicated on Attachment D.

CITY OF HUGHSON
CONFLICT OF INTEREST CODE
Attachment ~~"A"~~ "B"

Positions Designated to Report	**Disclosure Category**
Department	
ADMINISTRATION	
City Clerk	2
City Clerk/Assistant to the City Manager	2
~~Deputy City Clerk~~	~~2~~
Management Analyst/Deputy City Clerk	2
Director of Administration	2
~~Management Analyst~~	~~2~~
BOARDS/COMMISSIONS/COMMITTEES	
Finance and Audit Committee Members	1
~~Hughson Public Finance Authority~~	~~1~~
Parks, Recreation and Entertainment Commissioners	1
RDA Oversight Board Committee Members	1
Successor Agency to the RDA Committee Members	1
~~**BUILDING AND PLANNING DEPARTMENT**~~	
COMMUNITY DEVELOPMENT DEPARTMENT	
Director of Community Development	1
CITY ATTORNEY'S OFFICE	
City Attorney	1
Deputy City Attorney	1
FINANCE DEPARTMENT	
Director of Finance	1
Accounting Manager	4
~~**PARKS AND RECREATION**~~	
~~**POLICE**~~	
PUBLIC WORKS	
Director of Parks and Recreation	1

Parks and Recreation Manager	4
City Engineer	1
Public Works Superintendent	4
Utilities Superintendent	4

**** Consultants and Contractual Consultants**

This disclosure category reads:

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 limitations:

The City Manager may determine in writing that a particular consultant, although a “designated positions.” is hired to perform a range of duties that are limited in scope and thus is not required to comply with the disclosure requirements described in these categories. Such determination shall include a description of the Consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The City Manager shall forward a copy of this determination to the City Council. Nothing herein excuses any such consultant from any other provision of the Conflict of Interest Code

~~**DISCLOSURE CATEGORIES -CONFLICT OF INTEREST CODE**~~

~~**DEFINITION**~~
~~"Unit" as used in this text means the particular department, board, committee, commission, office or other entity using the disclosure category.~~

~~**DISCLOSURE CATEGORY**~~

~~1. All investments and business positions in business, entities, sources of income and interests in real property.~~

~~2. Investments and business positions in business entities, and all sources of income.~~

~~3. Interests in real property.~~

~~4. Investments and business positions in business entities, and sources of income from "entities providing bids, supplies, services, vehicles, equipment or machinery, or engaged in construction, development, acquisition or sale of real property, or public works or other City-related projects, of the type used by the designated employee's unit.~~

ATTACHMENT C

CONFLICT OF INTEREST CODE FOR THE

CITY OF HUGHSON

DISCLOSURE CATEGORIES FOR DESIGNATED EMPLOYEES

DEFINITION
"Unit" as used in this text means the particular department, board, committee, commission, office or other entity using the disclosure category.

DISCLOSURE CATEGORY

1. All investments and business positions in business, entities, sources of income and interests in real property.

2. Investments and business positions in business entities, and all sources of income.

3. Interests in real property.

4. Investments and business positions in business entities, and sources of income from "entities providing bids, supplies, services, vehicles, equipment or machinery, or engaged in construction, development, acquisition or sale of real property, or public works or other City-related projects, of the type used by the designated employee's unit.

ATTACHMENT D

CONFLICT OF INTEREST CODE FOR THE

CITY OF HUGHSON

PLACE OF FILING

PART I – DESIGNATED EMPLOYEES

Each employee filing a Form 700 – Annual Statement of Economic Interests shall file it with the City Clerk.

Where: Deputy City Clerk
City of Hughson
7018 Pine Street
Hughson, CA 95326

PART II – BOARDS, COMMITTEES AND COMMISSIONS

The City of Hughson Deputy City Clerk shall furnish to each designated member, upon their appointment and termination, a Form 700 – Annual Statement of Economic Interest and each completed form shall be filed with the Deputy City Clerk.

Where: Deputy City Clerk
City of Hughson
7018 Pine Street
Hughson, CA 95326

PART III – OFFICIALS LISTED IN GOVERNMENT CODE SECTION 87200

The City of Hughson Deputy City Clerk shall furnish the following public officials, upon their appointment and termination, a Form 700 – Annual Statement of Economic Interests: City Council Members, Mayor, Planning Commissioners, City Manager, City Attorney, City Treasurer, and/or Finance Director. The Clerk will retain a copy and originals will be forwarded to the FPPC.

Where: Deputy City Clerk
City of Hughson
7018 Pine Street
Hughson, CA 95326

These statements will be forwarded to the Fair Political Practices Commission (FPPC), 428 J. Street, Suite 620, Sacramento, CA 95814.

CITY COUNCIL AGENDA ITEM NO. 3.6
SECTION 3: CONSENT CALENDAR

Meeting Date: **October 10, 2016**
Subject: **Consideration to Accept the Cash Donation by 20th Century Club for the Hughson National Night Out and Hughson Concert Series**
Presented By: **Shannon Esenwein, Finance Director**

Approved By: _____

Staff Recommendation:

Accept the cash donation of $200 for the Hughson National Night Out Event and $200 for the Hughson Concert Series to the City by the 20th Century Club.

Background and Overview:

The 20th Century Club of Hughson is a Community Service Organization of local women willing to donate their time and efforts to fundraising for community services enrichment while promoting, supporting and contributing to the well being of youth into the next generation. Since 1936, the 20th Century Club of Hughson has raised funds and volunteered time in a variety of services available to help members of our community. The 20th Century Club has donated to various organizations including: Haven's Women's Center, Children's Crisis Center, Sober Grad Night, Local School Projects, Cub Scouts, Boy Scouts, Girl Scouts, Reading is Fun Program, College Scholarships, United Samaritans Foundation and more. They are able to accomplish this with their Annual Arts and Crafts Fair, held the weekend before Thanksgiving at the Hughson High School.

Discussion:

2016 was the forth year that the City of Hughson has embraced the National Night Out vision. The Hughson Family Resource Center and Citizens for a Healthy Community, partner with the City of Hughson, Hughson Police Services, Hughson Fire Protection District, local neighborhood watch groups, community partners and residents to coordinate efforts throughout the City. Local events involve bbqs, potlucks, ice cream socials, root beer floats, activiites for the kids, and more. The Hughson Family Resource Center/Citizens for a Healthy Community provide each registered host with the popular National Night Out Party Kit that includes bottled

water, party supplies, and fun items for the kids. This year the 20th Century Club of Hughson has selected the National Night Out event as a recipient of the annual 20th Century Club disbursement in the amount of $200.

The Hughson Concert Series is a collaborative effort comprised of various groups and members of the Hughson community that formed a committee devised to unite Hughson residents through the appreciation of locally talented artists and musicians. The Hughson Concert Series Planning Committee is comprised of the Hughson Family Resource Center, Citizens for a Healthy Community, Hughson Chamber of Commerce, Hughson Police Services, Hughson City Staff and community members. This year the Hugshon Concert Series was a two day event on September 15 and September 17. This year the 20th Century Club of Hughson has selected the Hughson Concert Series as a receipiet of the annual 20th Century Club disbursement in the amount of $200.

Fiscal Impact:

The $200 donation for the Hughson National Night Out event will be given to Sierra Vista to cover expenses for the event and the $200 for the Hughson Concert Series will offset City incurred expenses.

OFFICE OF THE MAYOR
7018 Pine Street - PO Box 9
Hughson, CA 95326
(209) 883-4054 Fax (209) 883-2638

Matt Beekman
Mayor
mbeekman@hughson.org

October 10, 2016

20th Century Club
P.O. Box 222
Hughson, CA 95326

Re: National Night Out and Hughson Concert Series Donation

On behalf of the City of Hughson, it is my pleasure to thank the 20th Century Club for its generous donation of $200 to the Hughson National Night Out and $200 to the Hughson Concert Series. Thanks to your donations the City of Hughson along with Citizens for a Healthy Community are able to continue to make these events as enjoyable as possible.

The generous support of organizations like the 20th Century Club makes the community of Hughson a great place to live. Thank you again for your support.

Sincerely,

Matt Beekman
City of Hughson Mayor

CITY OF HUGHSON AGENDA ITEM NO. 6.1
SECTION 6: NEW BUSINESS

Meeting Date: **October 10, 2016**
Subject: **Consideration to Authorize City Staff to Release Bid Documents for the Fox Road Sidewalk Infill Project**
Presented By: **Jaylen French, Community Development Director**

Approved By: _____

Staff Recommendation:

Authorize City staff to release bid documents for the Fox Road Sidewalk Infill Project from Charles Street to Tully Road.

Background:

In May 2014, City staff submitted a grant application for the Active Transportation Program (ATP) Cycle 1 "Regional" Call for Projects. In late 2014, the City was notified that it had been awarded $408,000 for Fiscal Year 2016-2017 for the Fox Road Sidewalk Infill Project.

The project will include the installation of curb, gutter and sidewalk on Fox Road between Tully Road and Charles Street and the installation of pedestrian and Americans with Disabilities Act (ADA) improvements at the intersections of Tully Road, 2nd and 3rd Streets. The project is part of a multi-year effort to install sidewalks in areas throughout the City with no sidewalks to improve connectivity, mobility and access for residents and visitors.

In September 2016, the City Council approved the State of California Department of Transportation ATP grant and adopted Resolution No. 2016-31, authorizing the City Manager to execute the ATP Grant Agreement for the project.

The Active Transportation Program (ATP) was established by Senate Bill 99 (Chapter 359, Statutes of 2013) and Assembly Bill 101 (Chapter 354, Statutes of 2013) to encourage increased use of active modes of transportation, such as biking and walking. Prior to the ATP, the City pursued Safe Routes to School (SRTS) funding, under both the Federal and State programs, however was unsuccessful in the allotment of such funds. ATP consolidates funding for programs such as SRTS programs with other active transportation plans that promote increased proportions of walking and biking trips, increased safety and mobility of non-motorized users, enhanced public health, benefits to

disadvantaged communities, and a broad spectrum to benefit many types of active transportation user.

Discussion:

In preparation for the grant application, an engineering cost estimate was prepared for the Fox Road Sidewalk Infill Project by MCR Engineering and later confirmed by Willdan Engineering.

This item is to seek authorization to release the bid documents for the Fox Road Sidewalk Infill Project.

Upon authorization, City staff will release the bid documents, accept bids and award to the lowest responsible bidder after evaluation of the bid to ensure accuracy, completion and that it meets all City and other requirements. Subsequently, City staff will coordinate with the selected contractor to initiate the work. It is expected that work will begin in the Spring of 2017, but will depend on weather, contractor's work load, etc. Work should take 2-3 months to complete.

Fiscal Impact:

Monies for this project were obtained through the successful submittal of a State of California Department of Transportation Active Transportation Program (ATP) grant in the amount of $408,000. The City's Fiscal Year 2016-2017 Preliminary Budget as well as the FY 16-17 Final Budget adopted by the City Council on September 26, 2016 included the project for completion in FY 16-17.