



Harris & Associates

September 16, 2024

Von Norris, City Manager
City of Hawthorne
4455 W. 126th Street
Hawthorne, CA 90250

PROPOSAL: CITY CFD ADMINISTRATION AND REPORTING SERVICES

Dear Mr. Norris:

We are pleased to present this proposal to the City of Hawthorne ("City") to provide various Community Facilities District ("CFD") services. Harris & Associates ("Harris") has the expertise and experience to perform accurate analysis related to CFD administration and reporting services. The Harris team for this assignment represents decades of experience in public finance services.

Dima Galkin, Director, will serve as the Project Director for the work. Dima has more than 11 years of experience providing redevelopment/successor agency services, including fiscal consultant reports, continuing disclosure reports (including filing the reports on the Electronic Municipal Market Access ("EMMA") website), CFD administration, and other compliance reporting experience. Hitta Mosesman, Vice President, will serve as the Principal-in-Charge for the work. Hitta has more than 20 years of experience providing redevelopment/successor agency services. Dima and Hitta have been providing services to the City for the previous 9 years and have a tremendous amount of knowledge, history, and experience with the specific project areas, reporting, unique characteristics, and outstanding issues related to the existing debt, redevelopment dissolution, and distribution of revenues.

Zaire Marin, Deputy Project Manager, will serve as Project Manager. He has four years of experience working in the municipal finance sector, providing consulting services to cities, counties, water agencies, and various local government service districts (e.g., recreation, healthcare, and school) throughout California. He has experience in municipal bond issuances, revenue scenario modeling for agencies seeking to institute new taxes, land annexations, fiscal impact analyses, and the administration and formation of special financing districts such as Community Facility Districts ("CFDs") and Assessment Districts ("ADs"). Zaire holds a designation as an MSRB-registered Municipal Advisor Representative. Zaire will oversee all continuing disclosure activities.

This depth of expertise provides the City with the assurance that all work will be consistently timely and accurate. The successful completion of this work will ensure accurate revenue distributions and compliance with SEC disclosure laws and regulations and MSRB rules.

The following outlines our proposed scope of services and estimated fee to provide these services, along with our firm qualifications and project experience.

SCOPE OF SERVICES

Harris has prepared the following scope of work for the services outlined below for a term of approximately five (5) years:

I. **CFD Administration (2004-1 and 2006-1)**

1. Dataset Management

Harris' project team will successfully manage the CFD dataset needed to administer the CFD annually. We have developed proven software tools to aid in administration and to confirm that special taxes are calculated accurately and correctly. Our team carefully reviews the secured property tax roll and the parcel data to make sure that it is consistent with the prior year's special tax calculation, identify any discrepancies, and research any missing data needed for the calculation of the special tax.

Harris has an established process whenever we are contracted to administer and audit special tax parcel datasets. We have found that the assessor's parcel data may have missing or incomplete data for calculating the assessment or special tax to be levied upon a parcel. We will conduct an independent review of District and parcel data and make any adjustments to the existing dataset. In addition, our staff has created a multitude of databases with an especially critical eye on analyzing the data we receive from external sources.

2. Review All Relevant Documents

The City will provide Harris with access to development information and all building permits issued during the periods specified in the Rate and Methods of Apportionment or other available documents needed to determine parcel status for the calculation of the special tax annually. Harris will review any building permit information, final maps and site development plans for both CFDs as well as all relevant information on file. Note that building permits may refer to lot numbers rather than parcel numbers or addresses. Harris will obtain and use current Assessor Parcel listings.

3. Annual Calculation of Special Tax

Harris will determine the special tax for each parcel annually. This will include confirmation that the special tax does not exceed the maximum Special Tax rate identified by the Rate and Method of Apportionment of each CFD. Based on information provided by the City regarding budget requirements for the following fiscal year, fund balances and reserve requirements, the actual Special Tax rates for each parcel shall be determined and the costs distributed in accordance with the Rate and Method of Apportionment for each CFD.

4. Prepare and Submit Special Tax Levies

Harris will compile and transmit a complete list of the actual special tax levies for each assessor's parcel in each CFD to the City in an Excel file or other manner as requested by the City. Since there will be a separate fund for each CFD, the list for each CFD must be kept separately. Harris will research and make any corrections required to the information on the special taxes requested by the City prior to the Los Angeles County's ("County") submission deadline of August 10.



5. Delinquency Monitoring

Based on information obtained from the City, Harris will monitor delinquencies in each district for Annual Continuing Disclosure reporting and prepare periodic delinquency reports for the City. If requested, Harris will send Delinquency Letters to delinquent property owners.

6. Provide Prepayment Amounts for Individual Property Owners

Harris will calculate written prepayment quotes for individual special tax liens if and when they are requested by property owners. For parcels prepaying the special tax, Harris will prepare the documents required to release the liens.

7. Bond Call Services

Harris will perform all required bond call spreads and coordinate the early redemption of outstanding bonds, if necessary.

8. Handbills

Harris will prepare handbills for each parcel that could not be applied on the City tax roll. If necessary, handbills will be prepared on City letterhead and will be issued bi-annually on a schedule similar to the City's property tax payment schedule.

9. Respond to Property Owners' Inquiries

Harris will provide a telephone number to be included on the CFDs' property tax bills. Harris will respond to property owner inquiries and maintain a log of all calls received, the nature of the call and any recommended actions. Harris will provide the City with details regarding the calls received. All calls will be returned within (two) 2 business days if not answered at the time of the call.

Deliverables:

- One (1) set of documents needed for the annual levy for each CFD, with corrections made if necessary. Using templates from the Los Angeles County Auditor-Controller when available, these documents include:
 - Agency information sheet
 - Agency billing agreement
 - Data transmittal
- The levy calculation, including a budget worksheet and credit worksheet.
- One (1) confirmation of each CFD levy submittal for each year.
- Emails detailing calls from property owners or other stakeholders.

II. Continuing Disclosures (CFD 2004-1 and 2006-1)

1. Prepare Annual Special Tax Report/Disclosure Documents, California Debt and Investment Advisory Commission ("CDIAC") Filings, and Other Regulatory Filings

Harris will prepare and assist with all regulatory reports that may be required under the California Government Code or other State/Federal reporting, including annual continuing disclosure reports, CDIAC filings, and ("Assembly Bill") AB 2109 reports. Of note, AB 2109 reporting applies only to CFD 2006-1 as reporting requirements apply solely to bond issuances dated on or after

January 1, 2017. The reports will be submitted to the City for approval prior to filing on behalf of the City. Harris will provide the City with a schedule for the preparation of all required reports to ensure that they are completed in sufficient time for review and approval and to comply with all filing deadlines.

An Annual Special Tax/Continuing Disclosure Report will be prepared for each CFD in accordance with requirements stipulated in the Continuing Disclosure Certificate/Agreement corresponding to each CFD. As needed, Harris will review the Official Statements for the CFD bonds, Tax Certificates, the Fiscal Agent Agreement, cash flow transactions, investment receipts, and asset statements to maintain compliance with all reporting requirements.

2. Compliance Monitoring

Upon request by the City, Harris will review the City's compliance with the Indenture of Trust or Fiscal Agent Agreement. Harris will identify areas of concern, provide recommended actions, and review with the City.

3. Dissemination/Reporting

Harris will disseminate the Continuing Disclosure filings with the MSRB thorough the Electronic Municipal Market Access (EMMA) website of the MSRB or any successor repository to meet the filing deadline as defined in the Certificates. Confirmation of the EMMA posting will be forwarded to the Finance Director. Harris will prepare material event notices and post them with EMMA as required.

Deliverables:

- One (1) Draft and one (1) Final Version of the CDIAC report for each CFD annually.
- One (1) confirmation of submission for each CDIAC report.
- One (1) Draft and one (1) Final Version of the AB 2109 report for CFD 2006-1 annually.
- One (1) confirmation of submission for each AB 2109 report.
- One (1) Draft and one (1) Final Version of the Continuing Disclosure Report for each CFD annually.
- One (1) confirmation of dissemination to EMMA for each report.

III. Continuing Disclosures (2016 Certificates of Participation)

Harris will annually prepare and disseminate via EMMA the continuing disclosure reports for the City's Certificates of Participation, Series 2016A and 2016B. Per the Continuing Disclosure Certificate, this report is due to be filed to EMMA by March 31 each year.

Harris will produce a draft of the report for an initial review by City staff and will incorporate comments to produce a second, final draft of the Continuing Disclosure Report. A final review of the report will be conducted by Harris and City staff. Once complete, Harris will finalize the document and disseminate the report to EMMA on the City's behalf. Harris will provide the City confirmation of dissemination via EMMA for each report.

Deliverables:

- One (1) Draft and one (1) Final Version of the Continuing Disclosure Report annually.
- One (1) confirmation of dissemination to EMMA for each report.

IV. Continuing Disclosures (2019 Pension Obligation Bonds)

Harris will annually prepare and disseminate via EMMA the Continuing Disclosure Reports for the City's Taxable Pension Obligation Bonds, Series 2019. Per the Continuing Disclosure Certificate, this report is due to be filed to EMMA by March 31 each year.

Harris will produce a draft of the report for an initial review by City staff and will incorporate comments to produce a second, final draft of the Continuing Disclosure Report. A final review of the report will be conducted by Harris and City staff. Once complete, Harris will finalize the document and disseminate the report to EMMA on the City's behalf. Harris will provide the City confirmation of dissemination via EMMA for each report.

Deliverables:

- One (1) Draft and one (1) Final Version of the Continuing Disclosure Report annually.
- One (1) confirmation of dissemination to EMMA for each report.

V. Continuing Disclosures (2024 Lease Revenue Bonds)

Harris will annually prepare and disseminate via EMMA the Continuing Disclosure Reports for the City's 2024 Lease Revenue Bonds. Per the Continuing Disclosure Certificate, this report is due to be filed to EMMA by March 1 each year.

Harris will produce a draft of the report for an initial review by City staff and will incorporate comments to produce a second, final draft of the Continuing Disclosure Report. A final review of the report will be conducted by Harris and City staff. Once complete, Harris will finalize the document and disseminate the report to EMMA on the City's behalf. Harris will provide the City confirmation of dissemination via EMMA for each report.

Deliverables:

- One (1) Draft and one (1) Final Version of the Continuing Disclosure Report annually.
- One (1) confirmation of dissemination to EMMA for each report.

FIRM QUALIFICATIONS

Founded in 1974, Harris & Associates is a 100% employee-owned company focused on helping our clients solve today's complex challenges in community development, planning, financing, environmental compliance, civil engineering, and construction management. Harris has five offices in California with a staff of more than 275 employee-owners. For more than 50 years, Harris has served a diverse roster of public- and private-sector clients across the municipal, transportation, education, and water markets.

Harris provides our clients with a broad range of public financing services. Our experience as financial experts allows us to provide a host of services to our clients, resulting in reduced City staff time on projects. Harris provides our clients with the technical expertise and knowledge needed to develop and implement sound financial strategies that provide communities with the infrastructure needed to meet the needs of residents, workers, and visitors.

We have experience providing the following services:

- Community Facility District formation and administration under California's Mello-Roos Community Facilities District Act, including district reports, rate and method (tax formulas), debt limitation, noticing, delinquency monitoring, prepayment calculations, public information, facilities acquisition and audit, continuing disclosure, and annual administration and tax levying.
- Development Impact Fees in compliance with AB1600 and AB602.
- Utility User Fees and other types of Fee Programs.
- Feasibility and rate studies to determine the best financing options.
- Maintenance fee establishment per the Health and Safety Code.
- Maintenance Assessment Districts, such as the California Landscape and Lighting Act of 1972 and Benefit Assessment Act of 1982, as well as Fire Suppression and Charter City assessment district formation and administration services.
- Assessment of district formation and administration under California's 1911 Act and 1913/1915 Act.
- Benefit nexus studies and ballot preparation pursuant to Article XIID of the California State Constitution.
- Tax formulas for special tax districts.
- Cost Reimbursement Review.
- Presentations to public agencies and communities.
- Affordable Housing and Commercial Linkage Fees.
- Parking-in-lieu fees.
- Community Revitalization Investment Areas (CRIA).
- Tax Increment Analysis.
- Business Improvement District formation.
- Fiscal and Economic Analysis.
- Market Studies.

Additional projects of similar scope as this project are listed on the following pages.

PROJECT EXPERIENCE

The following is a list of select recent projects to highlight our experience in providing the services in the scope of work.

CFD Administration, Continuing Disclosures, and Other Reporting City of Hawthorne

2019 - Present

Reference: Felice Lopez, Finance Director

Contact: (310) 349-2920 | flopez@cityofhawthorne.org

Harris & Associates manages the administration and management of the City's Community Facilities Districts 2004-1 and 2006-1. This includes preparing the annual levy along with supporting documentation, including the budget worksheet, credit worksheet, and all documents necessary to submit the levies to the Los Angeles County Auditor-Controller annually. Harris monitors delinquencies and includes a contingency in each annual levy to adjust for an average

level of delinquencies. The Harris team responds to calls and inquiries from property owners and other stakeholders with questions about the CFDs. Harris prepares annual continuing disclosure reports and assists the City in maintaining compliance with other reporting requirements, including AB 2109 reports and CDIAC filings. Harris team members also provided these services to the City prior to joining Harris.

Successor Agency and Public Finance Services

Hawthorne Successor Agency

2019 - Present

Reference: Felice Lopez, Finance Director

Contact: (310) 349-2920 | flopez@cityofhawthorne.org

Harris & Associates provides several financial services to the Successor Agency to the former Hawthorne Community Redevelopment Agency, including annual Successor Agency services (including Recognized Obligation Payment Schedule (“ROPS”) preparation, County Auditor-Controller/Oversight Board coordination, presentations to the 2nd District Oversight Board on Successor Agency items, staff reports and resolutions, Prior Period Adjustment and proof of payment reporting, and California Department of Finance coordination), management of the City's Gateway Disposition and Development Agreement (“DDA”) and Oceangate (“Owner Participation Agreement”) OPA, annual continuing disclosure reports for tax allocation bonds, and serving as the Special Fund administrator for CFD 1999-1 which involves calculating tax rebates to property owners. Harris team members also provided these services to the Successor Agency prior to joining Harris.

Successor Agency and Public Finance Services

City of Victorville/Victor Valley Economic Development Agency/Southern California Logistics Airport Authority

2020 - Present

Reference: Sophie Smith, Deputy City Manager

Contact: (760) 243-6334 | ssmith@victorvilleca.gov

Harris & Associates serves as the successor agency and financial consultant to Victor Valley Economic Development Agency (“VVEDA”), Southern California Logistics Airport Authority (“SCLAA”) and the City of Victorville, providing redevelopment dissolution services for VVEDA that include ROPS preparation, distribution calculations, and annual continuing disclosure reports for the SCLAA tax allocation bond issues. In addition, Harris drafts staff reports and resolutions for the VVEDA Successor Agency and the Oversight Board, assists with County Auditor-Controller and DOF coordination, conducts the prior period adjustment reporting for VVEDA, and presents on all calculations to VVEDA and Oversight Board members. Harris team members also provided these services to the agencies prior to joining Harris.

PROJECT TEAM

The Harris team for this project includes experts with decades of experience in providing the services required for this assignment.

The team includes:

- Dima Galkin, Project Director
- Hitta Mosesman, Principal-in-Charge
- Zaire Marin, Project Manager

More details about Dima, Hitta, and Zaire's qualifications and experience are available in this proposal's cover letter. Other staff will be included on this assignment as needed. Resumes for all staff can be provided upon request.

SCHEDULE

To align the contract year more closely with the schedule for the scope of work while avoiding any gaps in service, this proposal uses November 7, 2024 through December 31, 2025 as the first contract year and January 1 through December 31 for all following contract years. This adjustment does not affect the amount of the scope of work in any given contract year.

While some work for the CFD Administration can take place throughout the year (such as responding to calls and questions from property owners and other stakeholders), most of the work for the CFD Administration takes place between April and August of each year. The CFD Administration tasks will be invoiced in four (4) monthly stages: three (3) progress invoices and one (1) final invoice for each year.

The continuing disclosures are due on March 31 each year. CDIAC filings and AB 2109 reports are due January 31 each year. The continuing disclosures and additional reporting will each be invoiced with one (1) invoice per task, after the work associated with that disclosure / reporting task is completed for the year.

PROPOSED FEES

All of the work in this proposal's scope of work would be billed based on a flat fee. Any work that is billed on a time-and-materials basis (e.g., if a task is added to the scope of work) would be billed based on the hourly billing rates in Table 1.

Table 1. Billing Rates

2024 Hourly Billing Rates	
Position	Billing Rate
Principal in Charge	\$300
Senior Consultant	\$265
Senior Director	\$265
Director	\$240
Senior Project Manager	\$220
Project Manager	\$205
Deputy Project Manager	\$190
Senior Analyst	\$155
Analyst	\$145
Research Analyst	\$135


These fees may be adjusted annually beginning January 1, 2025, not to exceed 4% per year. Out-of-pocket fees paid on behalf of the City for filing required reports or to obtain data from the County or other sources will be invoiced with a 10% markup. Miscellaneous costs including items such as mileage, phone calls, and postage are included in the hourly rates.

Harris has prepared the fixed fee proposal in Table 2 for the scope of work described in this proposal. It is important to note that very few of

these costs would be paid out of the City's General Fund. The source of funding for each task is identified in Table 2.

We appreciate the opportunity to work with the City of Hawthorne. Please feel free to contact us if you have any questions.

Sincerely,



Hitta Mosesman
Vice President
 Community Development + Housing
Hitta.Mosesman@WeAreHarris.com



Dima Galkin
Director
 Community Development + Housing
Dima.Galkin@WeAreHarris.com

Table 2. City of Hawthorne CFD Administration, Continuing Disclosures, and Other Reporting Budget Table

Task	Fee Type	Source of Funding	CY 2025*	CY 2026	CY 2027	CY 2028	CY 2029	TOTAL
CFD Administration								
2004-1	Flat Fee	CFD Levy	\$ 12,000	\$ 12,400	\$ 12,800	\$ 13,300	\$ 13,800	\$ 64,300
2006-1	Flat Fee	CFD Levy	\$ 12,000	\$ 12,400	\$ 12,800	\$ 13,300	\$ 13,800	\$ 64,300
Continuing Disclosure								
2004-1 CFD Disclosure	Flat Fee	CFD Levy	\$ 3,000	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400	\$ 16,000
2006-1 CFD Disclosure	Flat Fee	CFD Levy	\$ 3,000	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400	\$ 16,000
2016 COPS Disclosure	Flat Fee	City General Fund	\$ 3,500	\$ 3,600	\$ 3,700	\$ 3,800	\$ 3,900	\$ 18,500
2019 POBS Disclosure	Flat Fee	City General Fund	\$ 3,000	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400	\$ 16,000
2024 Lease Revenue Bonds	Flat Fee	City General Fund	\$ 3,000	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400	\$ 16,000
Additional Reporting								
2004-1 Additional Reporting	Flat Fee	CFD Levy	\$ 3,000	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400	\$ 16,000
2006-1 Additional Reporting	Flat Fee	CFD Levy	\$ 3,000	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400	\$ 16,000
TOTAL			\$ 45,500	\$ 47,000	\$ 48,500	\$ 50,200	\$ 51,900	\$ 243,100

*Covers the period from November 7, 2024 to December 31, 2025. All other years are January 1 to December 31.