

In accordance with City Council Resolution 1995-21, the minutes of meetings of the City Council and the Boards, Commissions, and Committees of the City shall be prepared as Action Minutes.

The following information comprises the minutes for the regular meeting of the City Council, the Banning Utility Authority, and the Banning City Council sitting in its capacity as the Successor Agency Board.

MINUTES
CITY COUNCIL

10/08/2019
REGULAR MEETING

COUNCIL MEMBERS PRESENT: Councilmember Happe
Councilmember Peterson
Councilmember Wallace
Mayor Pro Tem Andrade
Mayor Welch

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT Douglas Schulze, City Manager
Kevin G. Ennis, City Attorney
Sonja De La Fuente, Deputy City Clerk
Art Vela, Public Works Director/City Engineer
Adam Rush, Community Development Director
Jennifer Christensen, Administrative Services Director
Ralph Wright, Community Services Director
Tom Miller, Electric Utility Director
Suzanne Cook, Deputy Finance Director
Gina Boehm, Customer Service Manager
Shiloh Rogers, Purchasing Manager
Stacy Bouslog, Utility Financial Analyst
Laurie Sampson, Executive Assistant
Leila Lopez, Office Specialist

I. CALL TO ORDER

A regular meeting of the Banning City Council was called to order by Mayor Welch on October 8, 2019, at 5:00 p.m. at the Banning City Council Chamber, 99 E. Ramsey Street, Banning, California.

Police Chaplain, Merle Malland offered the invocation.

Councilmember Don Peterson led the audience in the Pledge of Allegiance.

II. APPROVAL OF AGENDA

A motion was made by Councilmember Wallace, seconded by Mayor Pro Tem Andrade, to approve the agenda. Roll Call vote was taken as follows:

AYES:	Happe, Peterson, Wallace, Andrade, & Welch
NOES:	None
ABSTAIN:	None
ABSENT:	None

III. PRESENTATION – None

IV. REPORT ON CLOSED SESSION

1. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS** pursuant to Government Code Section 54956.8

Properties and Owners/Negotiating Parties: Real Property located in the vicinity of Ramsey and Hathaway – 1909 E. Ramsey Street, 2933 E. Ramsey Street, 1909 E. Ramsey Street, APN 532-120-011 – Ramirez Family Living Trust; 1933 E. Ramsey Street, APN: 532-120-012 – Liang; 1679 E. Ramsey Street, APN 532-120-019 – Tierra Firma Enterprise, LLC; Northeast corner of Ramsey Street and North Hathaway Street, APN 532-120-020 – Frank J. Burgess and Lorna D. Burgess, Trustees; Southeast corner of Ramsey Street and Hathaway Street, APN 532-140-005– Frank Burgess; 1483 E. Ramsey St, APN 541- 170-019 – Raymond Ngoc Huynh and Lucy Nguyen Huynh, as Trustees of the Raymond and Lucy Huynh Revocable Trust; 1573 E. Ramsey St, APN 541-170-021 – Jen H. Huang

City Negotiators: Douglas Schulze, City Manager and Ted Shove, Economic Development Manager

Under Negotiation: Price and terms for acquisition of street right of way and temporary construction easements

Direction given to City’s negotiators regarding price and terms for the City’s acquisition of the properties for street right-of-way and temporary construction easements.

2. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS** pursuant to Government Code Section 54956.8

Property Description: Real Property located in the vicinity of Ramsey Street and Third Street (APNs 540-202-001, -002, and -003)

City Negotiator: Douglas Schulze, City Manager

Negotiating Parties: Sun Lakes Charitable Trust

Under Negotiation: Price and Terms

Direction given to City's negotiator. Councilmember Don Peterson abstained on this item.

3. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION** pursuant to Government Code Section 54957(b)(1).

Title: City Manager

No reportable action was taken.

V. PUBLIC COMMENTS, CORRESPONDENCE, AND APPOINTMENTS

Mayor Welch opened Public Comment for items not on the Agenda.

Public Comments

John Hagan spoke against a regional homeless shelter in Banning and discouraged accepting financial support from Orange County.

Inge Schuler spoke against a regional homeless shelter in Banning and requested the item be placed on the next agenda if the City is seriously considering.

Cindy Barrington expressed her appreciation of the Council coming together at the last meeting and spoke against a regional homeless shelter in Banning.

Ellen Carr spoke against a regional homeless shelter in Banning and recommended taking care of the City's homeless rather than the entire regions.

Jerry Westholder spoke against a regional homeless shelter in Banning and recommended people work for things.

Valerie Westholder spoke against a regional homeless shelter in Banning and expressed her concern with Orange County would continuously funding such.

Dorothy Famaletti McLean spoke against a regional homeless shelter in Banning and encouraged doing something that would encourage people to visit Banning instead.

Gabriel Westholder spoke against a regional homeless shelter in Banning and recommended each City taking care of their own.

Karen Amerson addressed the homeless and would like additional details/information regarding a homeless shelter in Banning, as she doesn't believe the City has the resources.

City Manager Schultz advised there is no proposal to put a homeless shelter in Banning. There was a comment made by Supervisor Hewitt that there was a need for a homeless shelter in the County's 5th District. He explained the City's zoning code allows it, but there is a public process for approval of such a project in the City.

Juanita Diaz advised things are changing in Banning, slowly but surely and recommended people call the City Manager to get answers instead of other sources. She also asked that people contact her if they would like to know about her.

Diego Rose thanked 1) the Council for moving forward at the last meeting without censorship; 2) Art Vela and other City employees for the work they've done around town; and 3) City Manager for clarifying the homeless shelter situation and encouraged more of this.

CORRESPONDENCE - None

APPOINTMENTS - None

VI. CONSENT ITEMS

Mayor Welch asked if the Council wished to pull the item for discussion. There were none.

1. Resolution 2019-03 SA, Termination of Regulatory Agreement for 42 W. Ramsey Street

Councilmembers Happe and Peterson recused themselves from voting on this item.

Public Comment - None

A motion was made by Councilmember Wallace, seconded by Mayor Pro Tem Andrade, to approve the rest of the consent calendar item 1, as presented. Roll Call vote was taken as follows:

AYES:	Wallace, Andrade & Welch
NOES:	None
ABSTAIN:	Happe & Peterson
ABSENT:	None

Action: Adopted Resolution 2019-03 SA

VII. PUBLIC HEARING(S) – None

VIII. ANNOUNCEMENTS AND REPORTS

CITY COUNCIL COMMITTEE REPORTS

Councilmember Happe – None

Councilmember Peterson – None

Mayor Pro Tem Andrade advised there will be a Downtown Ad-Hoc Committee meeting on Friday.

Councilmember Wallace attended Regional Conservation Authority (RCA) on Monday where they wore purple for Domestic Violence Awareness Month.

Mayor Welch attended a water summit related to the Flume, with federal, state, and local government representatives in attendance.

REPORT BY CITY ATTORNEY – None

REPORT BY CITY MANAGER

City Manager Douglas Schulze reported on:

- The Flume/Water Conveyance Meeting on Monday was a full day meeting and included 30 people and seven vehicles. Staff is optimistic with the progress moving forward and thanked Public Works Director Art Vela for his work on this.
- State of the City is Thursday at 11:00 a.m. in the ballroom at Sun Lakes. The event is planned and hosted by the Banning Chamber of Commerce.
- Officer Sayeski is back after an extended leave and has been assigned back to his duties with the homeless. He advised the officers always offer homeless individuals the various services available to them.

REPORT OF OFFICERS

1. Report of Internal Audit of the Banning Electric Utility and Resolutions 2019-127 and 2019-20 UA, Amending Fiscal Year 2018-19 Budget and Prior Period Adjustment to the Fund Balances for the Electric and Water Funds.

Jennifer Christensen, Administrative Services Director, presented the staff report and thanked staff (including Suzanne, Gina, and especially Stacy) for their hard work in compiling the information and communication needed to complete the audit. Jennifer

introduced Heather with Christy White Associates who provided a presentation regarding the audit to the public and Council (Attachment 1).

Jennifer Christensen, Administrative Services Director and Tom Miller, Electric Utility Director answered Council's questions.

Public Comment

Jerry Westholder advised that he had asked for a forensic audit, but thanked the City for conducting an audit. Expressed concerned regarding reliable billing.

A motion was made by Councilmember Wallace, seconded by Councilmember Happe, to approve item 1 as recommended. Electronic vote was taken as follows:

AYES:	Happe, Peterson, Wallace, Andrade, & Welch
NOES:	None
ABSTAIN:	None
ABSENT:	None

Action: Received and filed the Electric Utility Internal Audit Report.

A motion was made by Mayor Pro Tem Andrade, seconded by Councilmember Wallace, to approve item 2 as recommended. Electronic vote was taken as follows:

AYES:	Happe, Peterson, Wallace, Andrade, & Welch
NOES:	None
ABSTAIN:	None
ABSENT:	None

Action: Adopted Resolutions 2019-127 and 2019-20 UA.

A motion was made by Councilmember Happe, seconded by Councilmember Wallace, to approve item 3 as recommended. Electronic vote was taken as follows:

AYES:	Happe, Peterson, Wallace, Andrade, & Welch
NOES:	None
ABSTAIN:	None
ABSENT:	None

Action: Authorized the Administrative Services Director or her designee to make the appropriate adjustments to the budget and financial statements.

2. Resolution 2019-130, Approving Administrative Procedures Policy B-28 Debt Management Policy and Administrative Procedures Policy B-29 Tax-Exempt Bonds Compliance Policy and Resolution 2019-22 UA, Authorizing

the Issuance of Wastewater Enterprise Refunding Revenue Bonds and Approving the Forms of Adopting a Debt Management Policy and a Tax-Exempt Compliance Policy.

Jennifer Christensen, Administrative Services Director and Suzanne Cook, Deputy Finance Director, presented the staff report and answered questions from the City Council on the staff report.

Suzanne introduced Doug with Norton Rose Fulbright who provided additional information related to the issuance of the bonds.

Public Comment – None

A motion was made by Councilmember Wallace, seconded by Mayor Pro Tem Andrade, to approve item 1 as recommended. Electronic vote was taken as follows:

AYES:	Happe, Peterson, Wallace, Andrade, & Welch
NOES:	None
ABSTAIN:	None
ABSENT:	None

Action: Adopted Resolution 2019-130.

A motion was made by Councilmember Wallace, seconded by Councilmember Happe, to approve item 2 as recommended. Electronic vote was taken as follows:

AYES:	Happe, Peterson, Wallace, Andrade, & Welch
NOES:	None
ABSTAIN:	None
ABSENT:	None

Action: Adopted Resolution 2019-22 UA.

3. Resolution 2019-129, Updating Administrative Policy B-30 (Purchasing Policy).

Jennifer Christensen, Administrative Services Director, introduced Shiloh Rogers, Purchasing Manager, who presented the staff report and answered questions from the City Council on the staff report.

Public Comment – None

City Attorney Ennis noted one item of clarification – the last sentence in Section 16-114, Subsection 1 is incorrect and intended to be deleted.

A motion was made by Councilmember Happe, seconded by Mayor Pro Tem Andrade, to approve the item as presented. Electronic vote was taken as follows:

AYES:	Happe, Peterson, Wallace, Andrade, & Welch
NOES:	None
ABSTAIN:	None
ABSENT:	None

Action: Adopted Resolution 2019-129, as amended.

4. Resolution 2019-126, Caltrans Sustainable Communities Grant.

Adam Rush, Community Development Director, presented the staff report for this item.

Public Comment – None

A motion was made by Councilmember Happe, seconded by Councilmember Wallace, to approve the item as presented. Electronic vote was taken as follows:

AYES:	Happe, Peterson, Wallace, Andrade, & Welch
NOES:	None
ABSTAIN:	None
ABSENT:	None

Action: Adopted Resolution 2019-126.

5. Resolution 2019-125, initiating a proposal for school district territory transfer and direct the City Clerk to file the resolution with the Riverside County Board of Education and the Superintendent of the Riverside County Board of Education.

Douglas Schulze, City Manager, presented the staff report for this item.

Public Comment

Lisa, from Beaumont Unified School District provided information related to their services to the City of Banning and provided documents to the Clerk (Attachment 2).

Robert Guillen, Banning Unified School District Superintendent, advised this is just the beginning of an approximately six-month process.

Councilmember Wallace expressed support of the transfer.

City Manager Schulze read the email dated May 3, 2019 from Beaumont Unified School District indicating a joint meeting was not warranted (Attachment 2).

Keri Mariner, Banning Unified School District Board Member – Trustee Area 3, expressed support of the transfer.

Michael Titus, Lawyer for Pardee, thanked the City Council.

A motion was made by Councilmember Wallace, seconded by Mayor Pro Tem Andrade, to approve the item as presented. Electronic vote was taken as follows:

AYES:	Happe, Peterson, Wallace, Andrade, & Welch
NOES:	None
ABSTAIN:	None
ABSENT:	None

Action: **Adopted Resolution 2019-125.**

IX. DISCUSSION ITEM

None

CITY COUNCIL – Next Meeting, October 22, 2019, 5:00 p.m.

X. ITEMS FOR FUTURE AGENDAS

1. City Logo

XI. ADJOURNMENT

By consensus, the meeting was adjourned at 7:17 p.m.

Minutes Prepared by:



Sonja De La Fuente, Deputy City Clerk

The entire discussion of this meeting may be viewed here:
<https://banninglive.viebit.com/player.php?hash=r3VbVEyyW6zp> and related documents can
be viewed here: <https://banningca.gov/ArchiveCenter/ViewFile/Item/2162>
or by requesting a CD or DVD at Banning City Hall located at 99 E. Ramsey Street.

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ATTACHMENT 1

(Audit Presentation)

INTERNAL AUDIT OF CITY OF BANNING ELECTRIC UTILITY

Presented By:
Heather Rubio, CWA



INTERNAL AUDIT OBJECTIVE AND SCOPE – DEFINED IN THE PROFESSIONAL SERVICE AGREEMENT

- A) **Examine** all cash, check and credit transactions of the Banning Electric Utility and determine if all customer cash payments are fully accounted for. Amount of money deposited should correspond with the amounts paid by the City of Banning customers.
- B) **Identify** the amount of electricity purchased (from Southern California Edison and other power suppliers) by the utility in a given year and compare it to the amount of electricity sold to customers during that year (In Megawatt Hours).
- C) **Identify** all dwellings in the City that receive utilities but are not billed or are partially billed. Identify the retail value for each of those transactions.
- D) **Examine** random samples of electric utility bills for billing accuracy, rate structure, and consistency.
- E) **Examine** if electric utility usage was overridden (lowered) manually in individual cases.
- F) **Identify** charges billed for incorrect or non-existent equipment.



INTERNAL AUDIT

- Definition of an Internal Audit is an objective, systematic examination of evidence to assess independently the performance of an organization, program, activity, or function (in this case the Electric Utility).
- Purpose of an internal audit is to provide information and to improve accountability and facilitate decision making.
- Can encompass a wide variety of objectives, including those related to assessing program effectiveness and results; economy and efficiency; internal control; compliance with legal or other requirements; and objectives related to providing prospective analyses, guidance, or summary information.

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INTERNAL AUDITS MAY MITIGATE RISK

- Financial – the risk that could result in a negative financial impact to the City
- Strategic – the risk that would prevent the City from fulfilling its mission (not making correct program decisions)
- Regulatory – the risk that could expose the City to penalties from a regulatory agency due to non-compliance with laws or grant requirements
- Reputational – the risk that could expose the City to negative publicity (i.e. result in difficulty in passing new bonds)
- Operational – the risk that could prevent the City from operating in the most effective and efficient manner (City deal with budget cuts, limited staffing/resources, and old software systems)

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INVESTIGATIVE/FORENSIC/FRAUD AUDIT

- The objective is to uncover fraud when individuals bring forth evidence that indicates that a fraud might exist.
- This is an investigation of a specific area or individual when there is a suspicion of inappropriate or fraudulent activity.
- The intent is to locate and remedy control breaches, as well as to collect evidence in case charges are to be brought against someone.
- The audit is performed in response to allegations received through a fraud hotline or other internal and external sources.
- Typically allegations are prioritized and investigated based on an assessment of potential risk to the City.

Note: CWA did not perform a Forensic Audit on the Electric Utility

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ACFE REPORT TO THE NATIONS ON OCCUPATIONAL FRAUD AND ABUSE

12% of fraud was initially
detected by external auditors

20% came from internal audits

50% came from employee tips

19% was detected by internal
controls

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THE INTERNAL AUDIT PROCESS

Planning

Collecting Evidence

Evaluating Evidence

Communicating Audit Results

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SCOPE LIMITATIONS AND IMPACT ON WORK PERFORMED

- The City was able to provide all the documents and records requested by CW. Therefore, there was no scope limitation from the City. We would like to also note that all requested documents were received on, or before, each set deadline.
- Impact on Work Performed: Although the City provided all the items requested in a timely manner, the reports were not in easily searchable formats and not available to export for data analytics due to reporting system constraints. Due to the nature of reports provided and the AS 400 system used by the City, CW was not able to make use of all types of data and analytics in the internal audit.

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SCOPE ITEM A – EXAMINE CASH TRANSACTIONS (PAGE 6 OF INTERNAL AUDIT REPORT)

We Found:

- City had proper controls, policies, and procedures over cash handling and collection.
- Mail and Online payments make up the largest methods of payment. Actual cash collection at the City make up between 8%-10% of total payments.
- We checked for cash substitution and lapping schemes and found no evidence this is occurring.
- Payment Plan Procedures: Utility Finance Department Found administrative polices are not always being followed.

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SCOPE ITEM B – IDENTIFY ELECTRICITY PURCHASED AND SOLD (PAGE 10 OF INTERNAL AUDIT REPORT)

We Found:

- Total consumption in 2016-2017 was 143,729,492 kWh, while the annual load in 2016-17 was 150,041,000, resulting in a difference of 6,311,508.
- The total consumption in 2017-18 was 140,906,066 kWh, while the annual load in 2017-18 was 148,541,000, resulting in a difference of 7,634,934.
- Currently Banning Electric cannot calculate/evaluate true system losses because they currently don't have a method to match the power bill to customer billing.

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SCOPE ITEM B – IDENTIFY ELECTRICITY PURCHASED AND SOLD (CONTINUED)

We Recommended:

Utility continue to work on a reporting model that will make the amount of electricity purchased and sold for transparency and easily explain a month to month variance. In addition, we recommend reports that outline the monthly load are provided to the Council on a frequent basis.

SCOPE ITEM C – IDENTIFY ALL DWELLINGS IN THE CITY THAT RECEIVE UTILITIES BUT ARE NOT BILLED OR ARE PARTIALLY BILLED

(PAGE 13 OF INTERNAL AUDIT REPORT)

- We examined a list of 125 address that the City of Banning is paying electricity for and verified they are correctly classified
- We examined amounts charged to large customers in the areas, where internal Audit Provide information, some might be utilizing system for lowest rates
- We examined a list of a representative sample of address from the Meter Reading Sequence Listing Route reports and traced to utility billing
- We did not identify any dwellings that appear to be not adequately billed.

SCOPE ITEM D – EXAMINE RANDOM SAMPLES OF ELECTRIC UTILITY BILLS FOR BILLING ACCURACY, RATE STRUCTURE AND CONSISTENCY

(PAGE 15 OF INTERNAL

AUDIT REPORT)

We examined a random sample from the Meter Reading Posting (UT305L) and testing to ensure proper billing rates by tracing to posted billing rates

We Found:

No billing errors in our samples. Although we did not come across billing errors in our sample, we determined that Banning Electric does not have internal controls in place to detect billing errors in which there would be an error based on how the account was setup.

Through inquiry we found the Public Works Department have been overcharged in the amount of \$1,276,936 (incorrect rate code at setup)

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SCOPE ITEM E – EXAMINE IF ELECTRIC UTILITY USAGE WAS OVERRIDDEN (LOWERED) MANUALLY

(PAGE 18 OF INTERNAL AUDIT REPORT)

Examined a representative sample from the Meter Reading Exception Listing Report (UT305L) and tested to ensure proper billing.

We Found:

- Banning Electric does not have metrics for evaluating meter reader performance. By not evaluating meter reader performance, the City cannot sufficiently manage staff capacity and ensure accurate meter reads, which can lead to meter reading errors and customer complaints.

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SCOPE ITEM E – EXAMINE IF ELECTRIC UTILITY USAGE WAS OVERRIDDEN (LOWERED) MANUALLY

Reviewed the process for Solar 411 Billing

We Found:

Ultimately the process for Solar 411 Billing is tracked using manually entered Solar Reading Sheets which are subject to manual override and a high risk for error, making it difficult to verify the completeness of the data

We recommend:

City evaluate the new process to determine the system has the capability for accurate and timely billing, and one that can easily accommodate growth and changes. Solar is both a high growth area, we recommended moving towards an automated process that can easily be tracked, verified and reviewed.

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SCOPE ITEM F - IDENTIFY CHARGES BILLED FOR INCORRECT OR NON-EXISTENT EQUIPMENT (PAGE 21

OF INTERNAL AUDIT REPORT)

We Found:

We were unable to determine a single methodology that was used for actual administrative costs, additionally the total was difficult to recalculate.

We recommend:

The City come up with more uniform, consistent, transparent system for charging the utility fund administrative fees. Under the current method it is difficult to identify the actual expenses for the Electric Utility. In the CAFR, a portion is recorded in the service line and the other portion is recorded as a transfer out of the Electric Utility Fund.

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CONCLUSION

Our examinations, observations and inquiries did not uncover any instances of fraud. Instead, we found that the issues we mentioned in this report the City of Banning has encountered, are a result of outdated reporting systems and manual processes that do not allow for transparent reporting and make it difficult to detect errors timely.

ATTACHMENT 2

(Beaumont Unified School District)



Joint Meeting

1 message



last email sent

Robin Lappert <rlappert@beaumontusd.k12.ca.us>

Robin Lappert <rlappert@beaumontusd.k12.ca.us>
To: lsampson@banningca.gov
Cc: Terrence Davis <tdavis@beaumontusd.k12.ca.us>

Fri, May 3, 2019 at 11:59 AM

Thank you for your request for a joint meeting between Banning City Council, Banning Unified School District, Beaumont Unified School District and Pardee regarding the Atwell project.

On July 2, 2018, we sent Pardee a letter of intent to acquire property for the development of a school site within the Atwell project in Banning.

As a result of your recent request for a meeting, we had some discussion and have determined that the majority of the Atwell project is within our school district boundaries and there is no anticipation, plans, or pending discussion, to make any changes to those boundaries.

Therefore, a joint meeting is not warranted at this time.

We are in continuous communication with Pardee regarding this future development.

Please contact Terrence Davis directly if you have any questions or concerns. He can be reached at 951-200-0498.

Thank you.



ROBIN LAPPERT

Administrative Assistant to the Superintendent
BEAUMONT UNIFIED SCHOOL DISTRICT

350 W. Brookside Ave., Beaumont, CA 92223

(951) 797-5324

rlappert@beaumontusd.k12.ca.us

www.beaumontusd.us

Email chain



Robin Lappert <rlappert@beaumontusd.k12.ca.us>

RE: Joint Meeting

1 message

lsampson@banningca.gov <lsampson@banningca.gov>
To: rlappert@beaumontusd.k12.ca.us
Cc: tdavis@beaumontusd.k12.ca.us

Fri, Apr 26, 2019 at 1:40 PM

Thank you, I'll send these dates out to the other attendees and see what we get.

Thank you

Laurie Sampson

Executive Assistant for

Doug Schulze, City Manager

lsampson@banningca.gov

Office : (951) 922-4860

Fax: (951) 846-8614

City of Banning

99 E. Ramsey Street

Banning, CA 92220



The City of Banning promotes and supports a high quality of life that ensures a safe and friendly environment, fosters new opportunities and provides responsive, fair treatment to all and is the pride of its citizens.

From: Robin Lappert [mailto:rlappert@beaumontusd.k12.ca.us]
Sent: Friday, April 26, 2019 1:27 PM
To: Laurie Sampson <lsampson@banningca.gov>
Cc: Terrence Davis <tdavis@beaumontusd.k12.ca.us>
Subject: Re: Joint Meeting

Hi Laurie,

May is already very full, and I am only able to provide the dates and times below:

Wednesday, May 15, 12:30-1:30

Thursday, May 16, 12:30-1:30

Thursday, May 30, 12:30-1:30



ROBIN LAPPERT

Administrative Assistant to the Superintendent
BEAUMONT UNIFIED SCHOOL DISTRICT

350 W. Brookside Ave., Beaumont, CA 92223

(951) 797-5324

rlappert@beaumontusd.k12.ca.us

www.beaumontusd.us

On Fri, Apr 26, 2019 7:52 PM, lsampson@banningca.gov wrote:

Hello Robin, thanks for the quick response. Can you give me 5 options in May that Mr. Davis is available for one hour and I'll run those dates by the rest of the group?

Thank you

Laurie Sampson

Executive Assistant for

Doug Schulze, City Manager

lsampson@banningca.gov

Office : (951) 922-4860

Fax: (951) 846-8614

City of Banning

99 E. Ramsey Street

Banning, CA 92220



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From: Robin Lappert [<mailto:rlappert@beaumontusd.k12.ca.us>]
Sent: Friday, April 26, 2019 11:09 AM
To: Laurie Sampson <lsampson@banningca.gov>
Cc: Terrence Davis <tdavis@beaumontusd.k12.ca.us>
Subject: Re: Joint Meeting

Hi Laurie,

I'm sorry to say that none of those dates work. Would you like me to provide some other dates?



ROBIN LAPPERT

Administrative Assistant to the Superintendent
BEAUMONT UNIFIED SCHOOL DISTRICT



350 W. Brookside Ave., Beaumont, CA 92223



(951) 797-5324



rlappert@beaumontusd.k12.ca.us



www.beaumontusd.us

----- Forwarded message -----

From: <lsampson@banningca.gov>

Date: Fri, Apr 26, 2019 at 10:39 AM

Subject: RE: Joint Meeting

To: <tdavis@beaumontusd.k12.ca.us>

Mr. Davis, the topic is the Atwell project, school district boundaries and the effect this project will have on both cities.

Thank you

Laurie Sampson

Executive Assistant for

Doug Schulze, City Manager

lsampson@banningca.gov

Office : (951) 922-4860

Fax: (951) 846-8614

City of Banning

99 E. Ramsey Street

Banning, CA 92220



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From: Terrence Davis [mailto:tdavis@beaumontusd.k12.ca.us]
Sent: Friday, April 26, 2019 10:34 AM
To: Laurie Sampson <lsampson@banningca.gov>
Subject: Re: Joint Meeting

Thank you for the information,

What is the topic/subject of this meeting?

On Fri, Apr 26, 2019 at 9:25 AM <lsampson@banningca.gov> wrote:

Good morning gentlemen, we are working to schedule a joint meeting of the City of Banning, Pardee Homes, Banning Unified School District and Beaumont Unified School District.

We are proposing a one hour lunch meeting from 12:30 – 1:30 pm on one of the following days.

Tuesday, May 7

Monday, May 13

Monday, May 20

Tuesday, May 31

Please let me know which, if any, of these days would work with your schedules. If you have any questions please contact me.

Thank you

Laurie Sampson

Executive Assistant for

Doug Schulze, City Manager

lsampson@banningca.gov

Office : (951) 922-4860

Fax: (951) 846-8614

City of Banning

99 E. Ramsey Street

Banning, CA 92220



2018 Pardee Letter



BEAUMONT UNIFIED SCHOOL DISTRICT

BOARD OF TRUSTEES

Mr. David Sanchez
President

Mr. Steven Hovey
Vice President

Mrs. Susie Lara
Clerk

Mrs. Janelle Pouther
Member

Mr. Brian Sylva
Member

ADMINISTRATION

Mr. Terrence Davis
District Superintendent

Mr. Shawn Mitchell
Assistant Superintendent
Human Resources

Mr. Tony Knapp
Assistant Superintendent
Instructional Support Services

Mrs. Penni Harbauer
Assistant Superintendent
Business Services

July 2, 2018

CONFIDENTIAL COMMUNICATION

Via First Class Mail & Email

Chris.willis@pardeehomes.com

Chris Willis
Director of Project Management
Pardee Homes
1250 Corona Pointe Ct. #600
Corona, CA 92879

RE: Proposed Purchase of Two 20 +/- Acres Parcels of Property Commonly Known as the Butterfield Project, PA 20 & PA 42/43 Banning, California

Dear Mr. Willis:

The Beaumont Unified School District, a California public school district ("District"), is interested in purchasing two 20+/- acre parcels of the above-identified real property within Planning Area 20 and Planning Area 42/43, located Northeast of Highland Springs Road and North of Wilson Street in the City of Banning, Riverside County, California ("Property") from its owner and developer, Pardee Homes, a Delaware limited liability company ("Developer"). This Letter of Intent is a non-legally-binding proposal that is to be succeeded by a legally binding Purchase and Sale Agreement ("PSA") between Developer and District.

Through the proposed transaction, the District intends to acquire an adequate site for the development of a public K-8 school to accommodate the anticipated growth in enrollment generated by the residential development project of Developer. We further note that the acquisition of a California school site is subject to statutory and regulatory requirements which can be met only through the District's rigorous due diligence and investigation of the Property. As such, we wanted to reach out to you early in the process to review key deal points and coordinate next steps.

Although the District is still evaluating the Property to determine purchase price, timeline, and other key parameters, we wish to express our interest in the Property and present the following initial proposal:

1. Developer Improvements to the Property.

- a. Superpad Condition. Developer and District agree that the Property shall be delivered to the District in certified "Superpad Condition," at sole cost to the Developer. "Superpad Condition" shall mean: (i) the Property has been graded to a 2% grade or less, and, if required, to a 1/10th of a foot contour, (ii) the building pad has been certified by a registered soils engineer, (iii) frontage street improvements providing at least three points of access to the Property have been completed, and (iv) all wet and dry utilities have been stubbed to the Property line, as further specified in site design specifications approved by the District and Developer.
 - b. Grading Plans. Developer shall provide to District for its review draft grading plans for the Property prior to approval of such plans by the City or other government authority.
 - c. Infrastructure Improvement Plans. Developer shall provide to District for its review draft infrastructure improvement plans for the frontage street improvements and wet and dry utilities serving the Property prior to approval of such plans by the City or applicable service provider. Subject to the approval of the City and/or applicable service provider, Developer shall incorporate in such plans any reasonable revisions requested by the District in order to provide services to the Property.
 - d. Site Remediation. Any and all remediation, mitigation, clean-up, or other site work necessary to secure the required approvals for the Property shall be undertaken at the sole cost of the Developer, provided, however, if the Developer determines it would be economically infeasible to complete such work, the District and Developer shall make a good faith effort to identify an alternative Property.
2. Due Diligence Period. After the proposed site has been mass-graded, there shall be a Due Diligence Period of eight (8) months in which the District will conduct investigations, studies, and tests as is deemed necessary and appropriate concerning the District's proposed uses and/or suitability of the Property for a public school site. District may exercise a one-time extension of the Due Diligence Period, for up to sixty (60) additional days upon written notice to Developer. At the end of the Due Diligence Period, District shall determine, in its sole discretion, the acceptability of the Property for a public school site, and such determination shall be final.
- a. Environmental Review. District's approval of environmental studies and any required documentation regarding the environmental condition of the Property as required by law, including any actions necessary under the California Environmental Quality Act ("CEQA").
 - b. Governing Board Approval. Approval of the purchase by District's Board of Trustees ("Board").
 - c. Governmental Regulations. Approval by appropriate governmental entities of zoning, subdivision maps, land use and other governmental regulations, laws, permits and approvals that apply to the Property, including but not limited to

the California Department of Education and the California Department of
Toxic Substances Control.

3. Exclusive Rights. Developer will not market or negotiate concerning the Property with any other party so long as this Letter of Intent is in effect. Developer shall not accept any offers for the Property so long as this Letter of Intent is in effect.

4. Confidentiality and Exclusivity of Letter of Intent. Both Parties agree that the terms of this Letter of Intent shall remain completely confidential and shall not be disclosed to any third parties without express written consent of Developer and District. During the time the Parties are negotiating this Letter of Intent, Developer agrees to negotiate exclusively with District for this Property.

5. Non-Binding Agreement. Nothing in this letter is meant to pre-commit the Board or otherwise limit the options available to the Board. Consequently, this Letter of Intent is conditional upon and requires the independent approval of the Board. In addition, approval of the PSA itself shall be at the discretion of the Board. No decision to purchase the Property can be made until the Board formally acts to approve the PSA.

If you wish to accept the terms of this Letter of Intent, please so indicate in the appropriate space provided on the next page and return the original to the District as soon as possible but no later than July 10, 2018. We would also be happy to arrange a meeting or teleconference to discuss this Letter of Intent in greater detail. In the interim, if you have any comments or questions, please contact our real property counsel, Kelley Owens at (760) 304-6025.

Sincerely,



Terrence Davis

Superintendent

Beaumont Unified School District

cc: Penni Harbauer, Assistant Superintendent of Business Services, Beaumont USD
Mike Sattley, Executive Director of Facilities Planning, Beaumont USD
Kelley A. Owens, Fagen Friedman & Fulfrost, LLP

SIGNATURE PAGE - LETTER OF INTENT

This Letter of Intent is hereby approved by the representative of Pardee Homes, Developer.

PARDEE HOMES

By: _____ Date: _____, 2018

Name: _____

Title: _____

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Atwell Development

